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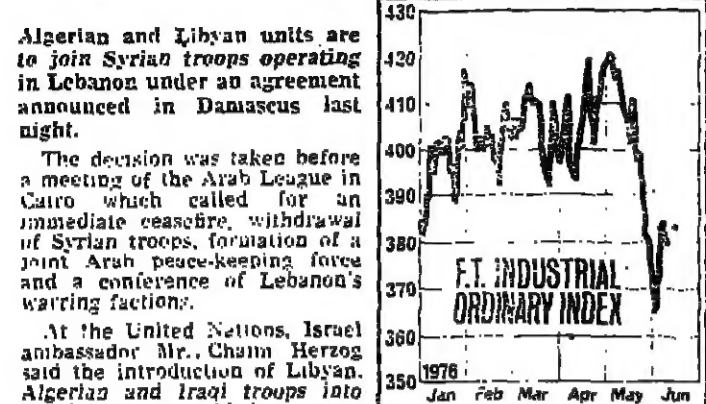
NEWS SUMMARY

GENERAL
Libyan, Algerian units for Lebanon

Algerian and Libyan units are to join Syrian troops operating in Lebanon under an agreement announced in Damascus last night.

The decision was taken before a meeting of the Arab League in Cairo which called for an immediate ceasefire, withdrawal of Syrian troops, formation of a joint Arab peace-keeping force and a conference of Lebanon's warring factions.

At the United Nations, Israeli ambassador Mr. Chaim Herzog said the introduction of Libyan, Algerian and Iraqi troops into the Lebanon would be a very dangerous development. The United Nations, he said, was not issued by the Arab League, called for an end to foreign intervention and demanded an immediate ceasefire. Back, Page 5



BUSINESS
Equities down 5 in quiet trading

Equities drifted lower in one of the quietest trading sessions this year. The FT 30-share index closed 5.2 down at 379.2.

Two sentenced to die in Dublin

A Dublin court last night sentenced a young married couple to death for the capital murder of a policeman during a bank raid. Noel and Marie Murray, who deny the charge, now face the prospect of being the first people to be hanged in the Irish Republic for more than 30 years. Intense pressure for the sentence to be commuted to life imprisonment is likely.

Police chief's race warning

Relations between London police and many black youths are bad, Sir Robert Mark, the Metropolitan Police Commissioner, says in his annual report, issued today. The campaign to recruit young coloured people had been disappointing, but efforts would continue to make the force "representative of the multi-racial community it serves." Sir Robert voiced particular concern at a growing undercurrent of violence in society.

Paul Getty's will

Oli magnate Paul Getty's \$367m. estate has been left to 11 women, his surviving sons and his art museum in Los Angeles. Some of the women will receive a lump sum and others between £58 and \$659 a month for life.

Voting plea

A system of proportional representation which would increase the likelihood of coalition Government was recommended unanimously by an independent Commission sponsored by the Hansard Society. The Liberal Party immediately welcomed it.

FT on schedule

The FT trimaran sailed by Financial Times news editor David Palmer was delayed by a parted ballast yesterday in the Observer Transatlantic Race, but is still roughly on schedule.

Sybil Thorndike

Dame Sybil Thorndike, Grand Old Lady of the British Theatre, died at her Chelsea flat, aged 93. Obituary Page 3

Briefly...

Soviet Union exploded an underground nuclear device in Central Siberia yesterday, according to an unconfirmed report by the U.S. atomic energy detection system.

More than 100 firemen were last night fighting a large forest fire at Tawney Common, Essex.

Four girls caught drinking scrumptious with village boys have been sent home until September from the £1,500-a-year Stofar public school in Wiltshire.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

Western Deep	£10 + 2
RISKS	
Treasury 11½p 1975	£100 + 4
Argyle Secs	36 + 3
Armstrong Shanks	59 + 4½
Camers	43½ + 3½
Charterhouse	371 + 3
Johnson Matthey	373 + 15
Jones and Shipman	78 + 5
Portals	149 + 5
Ransomes Sims and Jeffries	123 + 5
Stewart and Pitt	102 + 6
United Engineering	24 + 3
Anglo American Coal	490 + 30
Charter Cons.	145 + 6
Kloof Gold	343 + 35
Panconium	253 + 1
Randfontein	553 + 1
Rand Selection	590 + 20
Trench	95 + 5
FALLS	
Airfix Inds.	105 - 10
Assec. P. Cement	137 - 4
Davy Intal.	127 - 4
Glaxo	187 - 5
Gr. Portland Estates	215 - 1
Hanson Trust	228 - 7
Heath (C. E.)	402 - 6
Huntings Gibson	146 - 6
Metal Box	289 - 4
Midland Bank	265 - 5
Nat. Westminster	215 - 8
Quad	119 - 5
Peabody	164 - 6
Royal Inds.	270 - 8
Sun Alliance	383 - 7
Tube Invs.	358 - 8
Wallis (F. J.)	213 - 3
Wedgewood	40 - 3
BP	610 - 12
Shell Transport	432 - 10

New threat to Shipbuilding Bill

Government wards off Tory motion of 'no confidence'

BY RICHARD EVANS, LOBBY EDITOR

The Government comfortably warded off the Conservatives' first major attempt to force a General Election last night when the much-heralded Opposition motion of no confidence was rejected by 309 votes to 290, a majority of 19.

The result, which left Labour MPs elated and many Tories depressed at their party's failure to make more impact, meant that the prospect of an early general election recedes significantly. It showed in high relief that the Liberals, in particular, have no stomach for an election in their present state of disarray. Without their active support, the Tories' chances of defeating the Government are slender.

Labour gained its comfortable majority thanks to abstentions by all 13 Liberals and by nine Ulster Unionists. The Scottish National Party and Plaid Cymru voted with the Tories.

But despite the defeat, all the signs are of the continuing grinding battle over the Government's legislative programme in the weeks ahead as Ministers face pressure to drop some of their more contentious Bills. The Parliamentary timetable is in an increasing state of chaos thanks to the hasty tactics of the Opposition.

A large question-mark hangs over the future of the Aircraft and Shipbuilding Industries Bill in particular, despite a favourable ruling by the Speaker in the Commons yesterday on the latest point of order raised by Mr. Robin Maxwell-Hyslop, the Tory backbencher whose procedural tactics have already played havoc with the Bill.

The Speaker, Mr. George Thomas, rejected Mr. Maxwell-Hyslop's argument that private objects to the nationalisation measure should be allowed to petition Parliament in person.

He ruled that such a decision could only be made by the House itself.

This appeared to leave the way open for Ministers to launch the Bill's delayed report stage, but Mr. Maxwell-Hyslop immediately tabled an Order recommending the Bill to a Select Committee—the procedure to be followed by a hybrid Bill.

When the Government decides to bring the report stage forward, the Speaker will have to decide whether to call the order for debate. As it is expected to have the full backing of the Shadow Cabinet, there is little doubt that he will do so.

This means that the Government will once more be faced with a united opposition against the Bill. If the Opposition with the division—there have been an overall majority of three over Labour in the Commons yesterday on the latest point of order raised by Mr. Robin Maxwell-Hyslop, the Tory backbencher whose procedural tactics have already played havoc with the Bill.

Without offering any concessions, Mr. James Callaghan, the Prime Minister, called on the Conservatives to restore normal Commons working relations with the Government in the national interest.

He said he was prepared to discuss with Mrs. Thatcher, the Conservative leader, "the genuine feelings of grievance" about the handling of the Shipbuilding Bill.

In his speech winding up the debate, Sir Geoffrey Howe, Shadow Chancellor, replied that any overtures from the Government would be considered but specific proposals would have to be made.

Continued on Back Page
Parliament Page 8

Price Code changes will boost profits, CBI told

BY ELINOR GOODMAN AND ADRIAN HAMILTON

MRS. SHIRLEY WILLIAMS, Prices Secretary, yesterday told the Confederation of British Industry that the changes to be made to the Price Code next month would permit a substantial increase in corporate profitability.

At a hastily-arranged meeting with Lord Watkinson, the CBI's new president, Mrs. Williams gave an assurance that she would honour all the points made by the Prime Minister last month in his speech on the future of price controls.

Lord Watkinson described the meeting as "very satisfactory." He expected that a meeting to be held tomorrow with Mrs. Williams would be the last Ministerial discussion before a consultative document on the revised code is published towards the end of the month.

The CBI's optimism yesterday, after two weeks of intense discussions with officials, suggests possibly coupled with some additional relief for working capital, a reduction in the productivity deduction, as well as some measures to help offset the effects of inflation on depreciation and stocks.

Assuming a fairly static rate of demand, the effect of these changes would probably be to add around 1 per cent. to the Retail Prices Index. But the Government has apparently accepted that prices must be allowed to rise more freely if industry is to have the money to invest.

Yesterday's meeting was apparently called because Mrs. Williams was alarmed by reports of severe distress among industrialists at the prospect of the price talks with officials.

While the CBI undoubtedly was unhappy at the officials' hard

Continued on Back Page
Editorial Comment Page 18

Steel prices up next month

BY ADRIAN HAMILTON

BRITISH STEEL yesterday announced a further round of price increases of from 8 to 23 per cent. on a wide range of products, including carbon billets, plates and stainless steel, with effect from July 4.

Its latest rises, which have been rumoured for some weeks, are expected to add more than £100m. to the corporation's revenue in a full year.

The products covered are not subject to Price Commission approval since they are exempted as part of Britain's obligations under the Treaty of Paris.

The rise comes on top of an increase averaging 8 per cent. on the same products last April and immediately after a 15 per cent. increase on flat rolled products introduced at the beginning of this month.

The impact of the latest move will be felt particularly by the engineering, construction and capital goods industries, parts of which are paying as much as a third more for their steel than at the beginning of the year.

British Steel stressed, however, that the increase "could be regarded, to some extent, as catching up on 1973 inflation in improved market conditions and some of the cost inflation that has occurred since April of this year," including higher prices for raw materials, fuel and scrap.

The corporation, in line with its policy of price adjustment as the market permits, would give no assurance that further rises would not be considered later this year. There is a strong feeling within the industry that a further round of rises on most products is possible in the Autumn, as the economic revival gets underway.

Left out of the latest increase, which covers a little less than half the BSC's sales, is tinplate. The July rises vary from product to product according to specification and also include some element of restructuring of charges. They average about 12 per cent.

Implying increases of anything from £3 to £20 a tonne, the rises include: carbon billets, up by about 12-15 per cent.; carbon billet-derived products, up an average 10-14 per cent.; plates and rails, up 8-14 per cent.; electrical sheets, up 15-18 per cent.; alloy steel billets and derived products, up 13 per cent.; stainless steel billets and derived products, up 8 per cent.; stainless flat products, up 15-25 per cent.; and foundry pig iron, up 14-17 per cent.

The corporation said it is submitting applications to the Price Commission for increases for which commission approval is required, such as tubes, cold-reduced strip and bright bars.

BSC also announced yesterday that it has formally signed a deal giving it a 41.67 per cent. shareholding in an iron ore mining, beneficiation and pelletising project in Quebec, Canada. BSC first announced its interest in the scheme last October.

Partners with BSC in the company, which has a combined debt and equity capital of £250m., are Stibbe, a Quebec State-owned steel producer, with 50.1 per cent. and Quebec Cartier Mining Company with 8.33 per cent.

Support for pound in London and U.S.

BY ANTHONY HARRIS

MONETARY authorities in London and New York were reported yesterday to have given determined support to the pound in the currency markets yesterday as lack of confidence in the new exchange levels, which became evident in late trading on Tuesday, gathered force. At one stage the pound stood unchanged at \$1.7658, trading within margins as narrow as a single point, for some time—a clear sign of one-way trading.

Later, firmness of the official floor under the rate restored some confidence and commercial buying was seen again, driving the rate up to a peak of \$1.7770 at one stage. But the rate fluctuated in a fairly tight market and some dealers detected further official support. It closed ten points up at \$1.7710.

At present, dealers reported, the market is testing the solidity of the official support operation. Confidence was shaken severely during the fall when official support—especially around the \$1.80 level—was abandoned before the market had been effectively stabilised.

The report that \$20m. was withdrawn from official sterling balances in March—before the really reverse decline set in—has been read as confirming that there is still a large potential selling position overhanging the market. Commercial buyers want to be sure that any sales of official reserve holdings, which they feel might be provoked by the better rates now available, will be met by official buying.

Significant

For the longer term, however, there is a growing view that provided the rate can be held at present levels for a significant period there could be a considerable upward potential.

"This is a market situation, not an economic situation," one dealer explained. "For some time now there has been an absolutely general consensus that sterling is undervalued—and equally that no-one wanted to hold it. This is simply because of the number of potential sellers in the market. The authorities cannot leave it to commercial holders to mop up any official holdings who may feel like switching into another currency."

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£ in New York

	June 9	Previous
Spot	\$1.7658	\$1.7658
1 month	1.7658-59	1.7658-59
3 months	1.7658-59	1.7658-59
6 months	1.7658-59	1.7658-59

Carter seems certain of nomination

BY JUREK MARTIN, U.S. EDITOR

LOS ANGELES, June 9.—There was no contest in New Jersey, where 87 Republican delegates are technically uncommitted, but practically in the Ford camp.

The effect of all this is to leave Mr. Ford 57 delegates ahead of Mr. Reagan, with about 300 delegates to be chosen in State caucuses and about 200 already chosen pledged to neither candidate.

For the anti-Carter movement to succeed it had to limit the Georgian to appreciably under 200 delegates yesterday. It failed largely because of his huge victory in Ohio, where he won the popular vote with 82 per cent. to Mr. Udall's 24 per cent. and Senator Church's 2 per cent. This gave Mr. Brown 294 delegates, but Mr. Carter appeared to be winning 67, which was about what he expected.

Product

In New Jersey, too, an uncommitted spate of delegates pledged variously to Governor Brown and Senator Humphrey scored 42 per cent. to the 25 per cent. of the Carter forces (though Mr. Carter easily won the popular vote). This gave Mr. Brown 294 delegates, but Mr. Carter appeared to be winning 67, which was about what he expected.

Mr. Carter's has been an extraordinary achievement. He was largely unknown at the start of the year, a product of the new breed of southern politicians whose energies had previously been concentrated at home in the deep South. His campaign was mapped out, with remarkable precision four years ago by the candidate and his advisers, almost all with their roots in Georgia. It involved him in running in every State bar one (West Virginia) in 30 primaries, the most there have ever been, and 20 caucus States.

A fresh face on the national political scene and the beneficiary of a national mood that holds little love for those who are part of the Washington political establishment, his very early strategic triumph was the destruction of the candidacy of George Wallace, the renegade Alabama Governor.

This he managed in the first month of the primary season in Florida, Illinois, and North Carolina. He cemented this by taking the major northern industrial States of Pennsylvania against the opposition of Senator Jackson and organised labour.

Week in, week out, he always managed to win races, thus offsetting the competing victories of Governor Brown and Senator Church in the later primaries.

The Establishment cracks up

Page 18

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Annette Crosbie, Alec McCowen, Judy Parfitt, Michael Bryant and Helen Lindsay

Criterion

The Family Dance

by MICHAEL COVENEY

The scene of Felicity Browne's a county lady, overbearing to a degree of selfishness that I suppose is familiar to people who have seen the play. But, yes, she is human too. Toby encourages her to dance a little on the kitchen table when they are alone and to remember the ghosts of deceased relatives and faded servants. And in Act 2, a married sister—Bridie with the party preparations and tickle each other's middle-aged emotional wounds. They all live in this house at the expense, it seems, of the older brother, Ben (Alec McCowen), a stockbroker. "Someone has to make money to keep you all," he means. Brother Toby (Michael Bryant) is well on the way to alcoholism, taking with him a regret that his brother never gave him more of a lead. They squabble over

Book Reviews are on Page 25

Socrates, the old family rocking-horse. Ben's wife Sophie (Annette Crosbie) is approaching a break-down. She communicates with her husband only, it at all, through recrimination and argument. As Ben prowls the kitchen in his red smoking jacket, poking around in the fridge for something to complain about, Sophie demands a divorce. "Who from?" asks Ben before burling her request, as it were, in the waste disposal with a dish of mulberries he is displeased to discover decorated with duck stool.

Toby's wife, Victoria (Judy Parfitt) is in a state of sexual turmoil over the sister's husband's brother. The sister's husband has retired to bed but appears briefly to fill his glass late in the play. The sister herself, Diana (Helen Lindsay), is

Palladium

Julie Andrews

by ANTONY THORNCROFT

Julie Andrews, everyone's favourite nanny, returned to the Palladium last night after a 17-years gap to show us how to stand up straight, speak beautifully, hit top notes, and cope with unlady-like sweating.

It was obviously going to be an occasion from the standing ovation as soon as the brisk lady in white marched on the stage, but at the end there was a slight sense of disappointment, not so much with Miss Andrews' abilities but with her mean use of them. Her lesson lasted just an hour and then she was off leaving dedicated fans looking quite lost.

Despite her wholesome image, or perhaps because of it, Julie Andrews has her attractions. She sings well and has been given some good songs during her career. She is self-effacing to the point of zauberliche which can seem charming. She is graceful and dances energetically for her 40 years. It all adds up to an unusual talent which is not exploited to the full.

She only rarely stretches her

Mike Westbrook's Brass Band helps Half Moon to save Wilton's

Composer/pianist Mike Westbrook will be bringing his five-strong brass band to Aik Street, London, E.1, on Saturday next to support the Half Moon Theatre's efforts to raise money to save Wilton's Music Hall in Cable Street, E.1. The following day the band appears at the 100 Club, Oxford Street.

On Sunday, June 26, at the Sherman Theatre, Cardiff, the band will be joined by guests Alan Jackson (drums, alto, vocals), Butch Potter (bass, banjo, guitar, flute), and American tap dancer Will Gaines in a Heritage of Jazz evening which is described as "a musical entertainment presenting classics from all periods of jazz—ragtime, blues, swing, New Orleans, bebop, etc."

The Brass Band will also be

'Second Chance' exhibition

Second Chance is an exhibition of works that have been short-listed but not hung at the Royal Academy Summer Exhibition. They have been chosen by a jury that includes Dr. Roy Strong of the V. and A. Sir Norman Reid of the Tate, Miss Pauline Vogel of the Contemporary Art Society and senior professors from art schools and colleges.

The exhibition can be seen at the Chertil Galleries, Chelsea, from June 14-25. Admission is free.

Record Review

Piano music

by DAVID MURRAY

Frank: Piano works. Faure: Nocturnes nos. 7 and 10. Paul Crossley. Oiseau Lyre DSLO 8. £3.25.

Chabrier: Piano works. Annie d'Arco. Calliope CAL 1828/29. £6.65.

Dukas: Variations, Interlude and Finale on a theme of Rameau. Pierre: Variations in C minor. Annie d'Arco. Calliope CAL 1811. £3.25.

Dindly, Chausson and Guy Ropartz: Piano music. Annie d'Arco. Calliope 1812. £3.25.

Louis Durey: Piano works. Françoise Petit. Calliope CAL 1515. £3.25.

The fashionable piano repertoire is not so rich that it can afford to ignore all Frenchmen but Debussy and Ravel. Debussy's Variations and Chabrier and Poulenc make occasional encores, scarcely anything more is heard. These recent recordings are a reminder that after Brahms, piano writing was virtually re-invented by the French—by a whole generation of them, and not only the two famous masters.

Paul Crossley's record recalls happily the end of the previous French school. Frank's two major piano works—the *Prelude*, *Chorale and Fugue* and the less familiar *Prelude, Aria and Finale*, both written in his 60s—are sometimes said to suggest organ-writing, but it is really a matter of evoking organ sonorities: the keyboard writing is firmly in the Schumann tradition. Crossley gives it a richly even sound and the right stately, unhurried tread, and his part-playing—there is plenty of counterpoint—is beautifully lucid. The trickling return of the *Chorale* in the midst of the *Fugue* is as telling as ever. Perhaps to keep any academic chill at bay, Crossley softens the music with a continual discreet rubato, and it makes the performance sound a little domestic; the longest perspectives of the pieces do not come perfectly into focus. For the same reason, his readings of the late Faure Nocturnes lack final authority, for all their devoted warmth, the unbelatedly long lines of this splendid music reveal themselves only over the deepest and steadiest pulse. Even without that, there is enough to admire.

Faure's piano idiom, wholly personal though it is, became suggested nothing of what was to come. People often suppose that the French piano revolution had its roots in Satie and Liszt, and in his case the impact placed like Ravel's *Gaspard*, and Satie's treatment of the keyboard in his 1890's music is its only aspect which is not revolutionary. The true subver-

Arts, Cambridge

A Kick in the Stalls

I have the impression, this year's Footlights Revue is not up to its usual high standard. It seems generally that university revue has been in the doldrums lately—neither Oxford nor Cambridge produced anything outstanding last year—as adult entertainment values have become increasingly more under-graduate, so the professionals like our Footlights impresarios for years TV competition creams off the opportunities for up to the minute political and social satire. A pity really, for most student shows seem to be trailing behind, merely sending up television techniques, when once they were in front.

The best sketches are those where there is a direct trans-mission of reality, and in this regard, headline comment, Jimmy Mulville's opening audiotaping of the audience is good though not new: in the couple of sketches Nonny Williams does on her own (though in the first, the park bench seduction, the material is weak), she is brilliant. The second sketch, a telephone call with alphabetical infusions galore, is exactly the kind of thing there ought to be more of. Verbal rather than visual humour is not only more stimu-

GARRY O'CONNOR

Letter from Wiesbaden

A Midsummer Night's Dream

by ELIZABETH FORBES

The Wiesbaden Festival is (John-Angelo Messina) and the play scene, and prolonged applause at the end. Gales of laughter and prolonged applause also greeted a very different work in a very different theatre: the Komische Oper in East Berlin, where I saw the 23rd performance of Walter Felsenstein's 13-year-old production of Ritter Blaubart, as Offenbach's *Barbe-Bleue* is called locally. Queuing up for half an hour to pass through Checkpoint Charlie is not perhaps the best way to get in the mood for such entertainment, and indeed the first scene of the operetta (and the production) does hang fire. But once Anny Schlemm's Boulotte has taken the stage, all is well. Her attack has the punch and force of a pile-driver, and if some Gallic wit is lost, a great deal of pungent Berlin humour is gained. Hanns Nocker sings Bluebeard with strong, ringing tone while Werner Enders is marvelously funny as a skippy King Bobèche attired in a black jump suit tastefully decorated with fleur-de-lis.

Some of the other costumes are pretty 'nasty', but Wilfried Wenz's monumental set and the way that Wiesbaden Wagner's dead there is the danger that stagings will atrophy rather in the way that Wieland Wagner's did at Bayreuth. But a house mainly filled with young people responded with lightning speed to the jokes (the translation is by Felsenstein and Horst Seeger) and seemed to love the music. The Germans know their Shakespeare, so audience response is immediate and powerful. Opera in West Berlin will live, with gales of laughter in

Paradoxically, the magic of Britten's score is enhanced by the matter of factness of the individual characters. Brydon obtains clean, little playing from the orchestra while his flexible tempos help the singers without losing the shape of the music. The Germans know their Shakespeare, so audience response is immediate and powerful. Opera in West Berlin will live, with gales of laughter in

Dame Sybil Thorndike dies

Dame Sybil Thorndike, 93, died in London yesterday. She had a heart attack about four days ago and her death was the result of a second attack.

B. A. Young writes: Few people working in the theatre to-day were even alive when Dame Sybil Thorndike made her debut in 1904. In *The Merry Wives*, she intended to be a pianist but suffered so much from nerves that she gave it up and went to the Ben Greet school. Ben Greet took her straight from here on a four-year tour of America. As she and her brother, Russell, had been in the theatre since infancy, she knew all the lines in all the plays, and in fact took 112 parts on the tour.

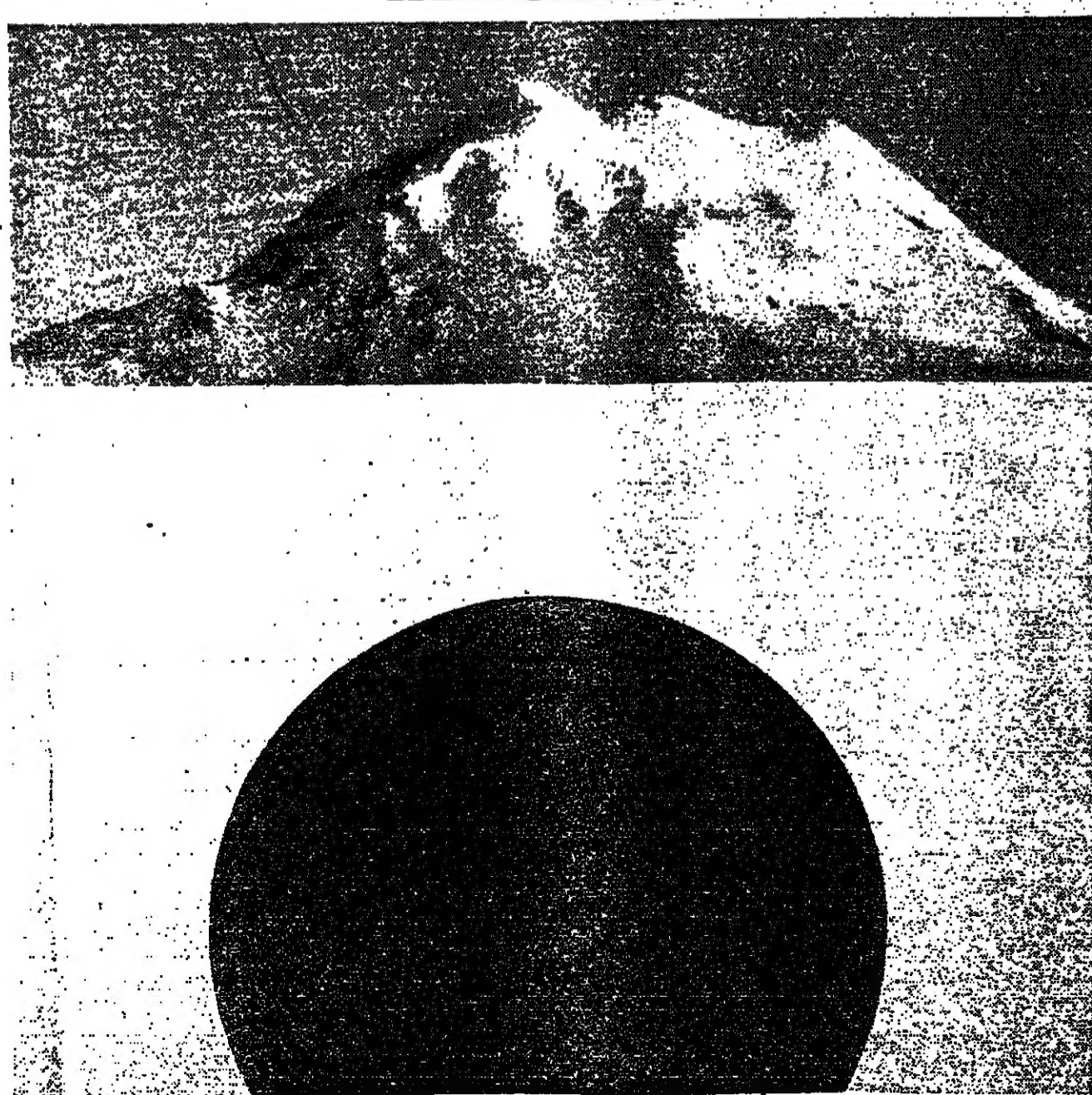
Her next important milestone was Miss Horniman's Gaiety Theatre company, which she joined in 1908, staying there for two years, and rejoining again in 1912 for a further year. It was in this company that she met Lewis Casson, whom she married, an ideally happy marriage both personally and theatrically. She was one of the original Shakespeare company at the Old

Leatherhead. She stayed there four years, playing not only all the plum women's parts but, as the war took the men away, male parts like Prince Hal, Ferdinand, and Launcelot Gobbo. The rate of payment was 10 shillings a week, and then began afresh the work of voice production. Voice production became an obsession of hers, and rightly for her own organ was marvellous; when she opened the Youngs Vic she took the occasion to urge the young people present to work at it above all else.

She was always concerned with the welfare of the young. She was also deeply interested in religion; her father, a Church of England clergyman, having been one of her strongest early influences. She was the author of a book, *Religion and the Stage*.

Dame Sybil's last public appearance was in April 1976 when she summoned up her strength and attended the final night of the National Theatre's production of *The Old Vic*. She managed a stage to the players on the stage and she received a standing ovation.

WHAT'S RAINIER DOING IN TOKYO?



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RAINIER NATIONAL BANK

5/17/78

CROSSWORD PUZZLE

1	DOWN	Across the top of the head
2	DOWN	A small, round, hard object
3	DOWN	A type of fish
4	DOWN	A unit of measurement
5	DOWN	A type of bird
6	DOWN	A type of flower
7	DOWN	A type of fruit
8	DOWN	A type of vegetable
9	DOWN	A type of animal
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28	DOWN	A type of bird
29	DOWN	A type of insect
30	DOWN	A type of mammal
31	DOWN	A type of reptile
32	DOWN	A type of amphibian
33	DOWN	A type of fish
34	DOWN	A type of bird
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77	DOWN	A type of insect
78	DOWN	A type of mammal
79	DOWN	A type of reptile
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81	DOWN	A type of fish
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86	DOWN	A type of amphibian
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89	DOWN	A type of insect
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91	DOWN	A type of reptile
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95	DOWN	A type of insect
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97	DOWN	A type of reptile
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99	DOWN	A type of fish
100	DOWN	A type of bird

WORLD TRADE NEWS

AUSTRALIAN ENGINE CONSORTIUM

Talks end but Toyota and Nissan to enter market

NEGOTIATIONS TO establish a consortium to build four-cylinder engines at the Longbridge plant of Chrysler Australia in south Australia have been terminated, a Chrysler statement said.

The intention was for the engines to be built to power Nissan Motor, Toyota Motor and Chrysler small cars with assistance from the Government Development Board. However, talks between the parties were broken off due to technical and other difficulties, Chrysler said.

Meanwhile, in Canberra, Industry and Commerce Minister Mr. Bob Cotton said the Australian Government has accepted Nissan and Toyota as local car manufacturers in its 55 per cent local content plan. Under this plan, car manufacturers have to achieve 55 per cent local content on a company-wide basis by end-1984. The remaining 15 per cent of components receive tariff concessions. He said the approval followed satisfactory proposals for the sourcing of the four-cylinder engines by the two Japanese com-

panies, but gave no details, saying that this was for the companies to announce.

The local units of Nissan and Toyota were unable to make a statement on the engine sourcing, but Nissan said a statement would come from its Japanese parent. Mr. Cotton said arrangements to procure the engine involves co-operation with car and component makers already established in Australia, with full utilisation of Chrysler's foundry in South Australia and increased orders in that state.

Chrysler said it will continue with plans to build the four-cylinder Mitsubishi Astron engine as originally planned if the consortium fell through. General Motors-Holden's (GM-H) has previously said it plans building four-cylinder engines, using existing Melbourne facilities. Both companies are willing to sell engines in the Japanese market.

The Government recently met with GM-H, Chrysler and the Japanese on rationalising four-cylinder engine production, but today's statement made clear the government expects to see at least two manufacturers in Australia.

The entry of Nissan and Toyota into the country's car-making industry follows growing Australian demand for small Japanese cars, informed sources said.

Toyota and Nissan will become fourth and fifth Australian car makers after GM-H, Ford Motor Company of Australia and Chrysler, they added.

Meanwhile the Australian Government has announced that it will monitor car import levels, forward orders and stocks held in local to prevent disruption to the local motor industry when import quotas are lifted at end-1976.

Mr. Bob Cotton said the Government is prepared to act quickly if disruption is threatened by an abnormal level of imports, or orders for imports, although the 45 per cent tariff was the Government's preferred mechanism for enabling local car makers to achieve about 50 per cent of the local market.

The previous Labour Government imposed import quotas at 50,000 units a year or about 20 per cent of the market in January 1975 following a rapid upturn in imports from Japan.

U.K. defends policy on dumping

Financial Times Reporter

A STRONG defence of Government anti-dumping policy came yesterday in a Department of Trade report pleading "vigorously" to protect U.K. industry from unfair competition.

The report, on anti-dumping policy and procedure, points out that there have been 139 investigations into alleged dumping since 1959. Of those, 27 resulted in the imposition of anti-dumping or other additional duties, another 27 resulted in price undertakings or similar remedies, 18 were withdrawn by the applicants before the investigations were over, eight are being handled by the European Commission, and ten investigations are still in progress.

The way anti-dumping activity has been stepped up as the recession has advanced is highlighted by the report. Of the 139 investigations since 1959, 42 date from the start of 1973, with the majority of those taking place in the last 12 months.

To prove dumping is often very difficult the Department stresses. If a case is proved, an anti-dumping duty is imposed, subject to Parliamentary approval. Recently, however, an increasing number of cases are being settled simply by the exporters raising their prices.

This is done without the need for Parliamentary permission and looks like being increasingly common, particularly as inflation can rapidly overtake higher duties and a further rise in duty requires a time consuming re-investigation.

The U.K. Government's responsibility for anti-dumping action finishes at the end of June 1977, when it becomes entirely the responsibility of the EEC Commission, the report points out.

By Stewart Fleming

NEW YORK, June 9.

A FURTHER warning of possible future shortages of steel supplies came today from Mr. Frederick Jaicks, the chairman of Inland Steel, America's sixth largest steel producer.

Mr. Jaicks told the joint economic committee of Congress that steel shipments this year will be 58m. tons, a level that points to tight supply conditions for at least two years.

He added that current projections for 1977 show that steel shipments will be close to the peak levels of 1973 and 1975 and total about 108m. tons.

Against this background he urged that in view of the long lead times between making decisions to invest and new capacity actually coming into production (this can take between two and five years) securities are possible if capital formation is not improved. He added that the Government should move faster to permit capital recovery under the tax laws.

The supply position in the steel industry has become the subject of a series of warnings from industry leaders in recent months. Some of the largest companies have said that they are now approaching around 90 per cent of capacity utilisation and suggested that they seek to develop they may seek to increase prices again.

Finland-Iran trade accord

HELSINKI, June 9.

FINLAND and Iran signed a trade agreement today after the first session of their economic co-operation committee with the aim of diversifying and expanding their mutual commercial contacts. Traditionally Finland has bought oil from Iran and Iran last year became Finland's biggest non-European trading partner after the U.S. Finland has so far sold mainly paper and board to Iran.

APDJ

CALIFORNIA'S PROPOSITION 15

Bid to curb N-power fails

BY JUREK MARTIN, U.S. EDITOR

THE CONTROVERSIAL Proposition 15, which would have imposed severe curbs on nuclear power development in the State of California, was heavily defeated in yesterday's primary. Voters rejected it by about two to one after a sharply contested and expensively waged campaign.

The nuclear power industry has not escaped from California. Last week Governor Brown signed into law three bills which all contain safety controls, though nothing like as stringent as those in Proposition 15. The new bills were designed to take the nuclear industry out of the nuclear issue (Governor Brown, for example, had never disclosed his own feelings about the matter) and as a tactic it clearly worked.

There were 14 other propositions on the California ballot and the votes on them may well give some clue to the mood of the average voter in 1976. Generally, Californians rejected measures that would have increased State spending but went along with proposals that might be described as anti-business. The State also decided in favour of legalised bingo, for what that is worth.

Senator John Tunney, the incumbent, meanwhile overcame the vigorous challenge of Mr. Tom Hayden in the Democratic primary election for his Senate seat in California. He beat the former anti-war activist and husband of Jane Fonda, the film actress, by 60 to 40 per cent.

Mr. Tunney, a liberal, was pushed to the right by Mr. Hayden's assault. However, analysts of the poll attribute his victory largely to his great strength among California's black voters. This probably owes much to Mr. Tunney's close connection to the Kennedy family and to the support he received from Mr. Thomas Bradley, the popular and able black Mayor of Los Angeles.

Mr. Hayden, who is 68 and whose reputation rested on the new call for action on the subject and the U.S. is likely to go along with whatever majority eventually emerges on the matter.

Yesterday's U.S. statement, which was the subject of much last-minute redrafting, was seen as a disappointment by some observers, but one remarked "It went much further than Henry would have gone this time last year."

Paul Britts added: In a statement in London yesterday, Amnesty International urged the OAS to act on the latest wave of political arrests in Chile. Although the Chilean Government announced before the OAS meeting the release of 405 political prisoners, Mr. David Simpson, director of Amnesty's British office, said that it was important to view the Chilean announcement in the context of the 5,000 or so political prisoners still detained there.

Dr. Henry Kissinger, having delivered a carefully prepared message on the subject yesterday, is not expected to make any

size of Mr. Getty's personal fortune, but simply said that he "had a value of over \$100m."

Mr. Getty left very different sized bequests to his children. His two sons, one of whom has since died, were each left 2,000 shares of the Getty Oil Company valued at about \$300,000. His two other sons, Gordon Peter Getty and Eugene Paul Getty (who is also known as J. P. Getty Junior), were each left \$500 and nothing else.

It was this grandson, J. P. Getty, who was kidnapped in 1973.

In drawing up the will, which was dated 1968 and had 21 later alterations, and amendments, Mr. Getty instructed that his surviving children should act as joint executors.

In addition to putting aside a large sum for the creation and perpetual upkeep of a special mausoleum and cemetery near his museum in California, Mr. Getty made a number of large cash bequests and income-for-life gifts to eleven lady friends.

ANTI-TRUST DEPT CHIEF TO LEAVE

By David Bell

THE HEAD of the U.S. Justice Department's Anti-Trust Division announced last night that he is to return to a university job in July because he feels that he has not been given sufficient support by the Attorney General, who is in charge of the Department.

Mr. Thomas Kauper, who had been intending to return to the academic life in any case, said he had chosen to leave now because of a lack of support from above. His policies have apparently been overruled several times and he has been a supporter of the Anti-Trust Bill which is now before the Senate.

MEXICAN POLITICS

On being Third Worldly

BY ALAN RIDING, MEXICO CORRESPONDENT

IT IS PROBABLY questionable whether Mexico is a Third World country, either in terms of economic development or of political commitment. It is a country with a burgeoning industrial base that can hardly be compared with, say, Tanzania; and it has 2,600 miles of common border with the United States to temper any dreams of true independence.

But being Third Worldly is as important to the Echeverria administration as being revolutionary is to the ruling system. And the fact that it is no less a posture than being "revolutionary" in no way weakens its role as a new rhetorical pillar of the system.

As a result, it is of secondary importance that foreign diplomats should become impatient at Sr. Echeverria's frequent appearances before international fora, or that his bid to follow Dr. Kurt Waldheim as the Third World's UN Secretary-General should not have succeeded.

Being Third Worldly is essentially for domestic consumption: it serves to inject some life into Mexican politics, and it cleverly creates a scapegoat—the First World—for the shortcomings of half a century of "revolutionary" regimes.

It is true that, in international affairs, Mexico has in recent years swung from its traditional alignment with Washington to fervent identity with the Third World. This may well prove to be the most important change wrought by the Echeverria regime.

But the militancy that Mexico displays at home is not always in evidence when it comes to negotiating with the Third World. Issues abroad, in the North-South economic confrontation, for example, Mexico will not be found alongside, say,

Algeria. On the political front, the American Jewish tourist boycott that followed Mexico's anti-Zionist vote at the UN last November soon brought a volte-face to the issue. The pragmatic that has kept Mexico from joining OPEC or the Non-Aligned Nations' Conference once again asserted itself.

To domestic public opinion, though, the Third World is as important as a solemn creed and Mexico as its leading apostle. Leftist intellectuals are natural believers, while local politicians are speedy converts. But the

Education Ministry's radio station, for example, has been named Radio Third World.

The militancy that Mexico displays at home is not always in evidence when it comes to negotiating or voting . . . abroad.

Some American newspaper commentators, for example, have suggested that the next President of the United States should be a Jew. This is a far from unusual suggestion, as a former Finance Minister, he must be more sympathetic to traditional capitalist models of development.

But Third World solidarity is now an integral part of official rhetoric and posturing. The revolutionary fervour before it, has taken on a life of its own. It may not impinge upon the pragmatic execution of policy, but it will never be betrayed in the need for a new world economic order—this position will certainly survive the change of government late this year.

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have failed to authenticate the bones, but the need for a new order is evident. Sr. Echeverria explained: "In the 19th century, the Third World was a vague notion, the product of colonialism that was imposed upon the world by the world powers. Echeverria is the central antecedent who began the organised resistance against colonial dependence and exploitation." In other words, Cuauhtemoc is also, because a Third World hero.

Yet, while Sr. Echeverria is undoubtedly the main instigator of Mexico's Third Worldism, and no one could question the sincerity of his belief in the need for a new world economic order—this position will certainly survive the change of government late this year.

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FT CONFERENCE

Egypt needs capital market

BY PETER FIELD

THE IMPORTANCE to industrial development in Egypt of creating a money and capital market was stressed by Dr. Abdel Moneim Al-Banna, deputy governor of the Central Bank of Egypt, on the final day of the Middle East Development Conference in Cairo. The conference is organised by the Financial Times and Al-Akhbar in conjunction with Egyptian.

Dr. Banna said the present exchange rate policy and exchange control system have hindered economic activity and an important reform is being seriously considered. "This reform would minimise regulations and restrictions on holding and using foreign exchange, encourage the transfer to Egypt of Egyptian savings held abroad, boost foreign investment and attract bank deposits in Egypt and state-free currency market for the Egyptian pound."

Members of the foreign bank community attending the conference were doubtful that the reform could be introduced by next month—the time set for the Central Bank to start the new resources to carry it through.

Dr. Banna said the new Banking Law of 1975 will enable the Central Bank to play a bigger part in encouraging economic development, especially

ally by allowing the bank flexibility to restore equilibrium in interest rate levels. The law also gave the commercial banks the freedom to deal with any economic sector which they did not previously have.

He added that an industrial bank with capital of £210m. has been set up. This would help small-scale industry to modernise, a previously neglected area in development priorities.

A suggestion that the Egyptian Government publish a regular news sheet on the latest plans and distribute it to embassies, chambers of commerce and multinational corporations throughout the world was made by Mr. R. E. Cawthorn, president of Pfizer Africa Middle East.

The absence of a property market in the modern sense anywhere in the Arab world was described by Mr. Ahmad al-Dusli, chairman and managing director of the Kuwait Real Estate Investment Consortium.

He said people go by their whims and prices are regulated by sudden supply and demand. However, a start in developing such a market has been made.

Other speakers included Dr. Hafez Ghannem, Egyptian Deputy Premier; Mr. Charles Colom, director of C. T. Bowring (Insurance) Holdings; and Mr. H. Ridehalgh, consultant of Sir William Halcrow and Partners.

CAIRO, June 9.

Cawthorn added, "Cairo would be the ideal regional headquarters for the Middle East and would attract many international companies together with the foreign exchange required to finance these operations."

Mr. H. W. A. Francis, vice-chairman of Tarmaco, pointed out that the Middle East provided orders for British contractors worth \$315m. in the twelve months ending March 1976 out of a world total of \$1,125m. Opportunities for international contractors in the civil engineering sector included port facilities in Port Said and Suez, tunnels under the Suez Canal, land reclamation and drainage and canal widening.

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British mission to Bulgaria

FINANCIAL TIMES REPORTER

A 20-STRONG British trade mission, organised by the London Chamber of Commerce and Industry, is to visit Bulgaria from June 14-19. The purpose of the mission's visit, which is being made at the invitation of the Bulgarian Government, is to examine the two-way trade opportunities arising from Bulgaria's new Five-Year Plan.

The mission, which is being led by Mr. Leopold Friedman of Rubery Owen Holdings Ltd. and Chairman of the Chamber's Bulgarian Section, includes representatives of many of Britain's leading exporters, as well as bankers and importers. Companies on the mission include Hawker Siddeley, EMI, GKN, Imperial Foods, Clarke Chapman, British Leyland, Guinness Peat, S. W. Berensford, Morgan Grenfell, National Westminster Bank, Peirce, Fendley, Benson, Radney, Berk, B.I.C.C. and Becham Research.

Several members of the mission are currently negotiating quite substantial deals. Among the sectors of potential co-operation that have been selected by the British and Bulgarian Governments are agriculture, food processing, the electrical engineering,

industry, electronics, chemicals and third market projects. There have already been a number of significant deals signed by Rubery Owen, Caddbury, Schweppes, GJB, Plessey and Schenker.

One aspect of the new Five Year Plan which is thought to offer some prospects for British industry is its concentration on re-equipment and expansion of existing plants, rather than the building of completely new installations. Another new development is Bulgaria's growing interest in western consumer goods which includes the purchase of licences and finished products.

An allocation of \$30m. has been set aside this year for purchasing consumer goods from the West as part of the Bulgarian Government's plan to increase the variety of consumer goods available in the shops. Bulgaria is staging its first consumer goods fair this year to be held in November.

The British Overseas Trade Board is also organising a British pavilion for the International Fair in Sofia in September—a fair at which Bulgaria traditionally negotiates about 40 per cent of its foreign trade deals.

Last year 17 British companies took part in the fair. This year 20 companies have so far decided to participate, some of these acting as principal for as many as 18 other companies and the list is still open. At least one of the two major deals currently under negotiation between British companies and the Bulgarian authorities is expected to be concluded at this year's fair.

A decision is also expected within the next few weeks on the first stage of Silistra agro-industrial complex. Part of the initial consultancy work is understood to have already been awarded to a U.S. consortium but a British consortium, headed by S. & W. Berisford and including ICI, Simon Carves and Massey Ferguson is currently negotiating for the other consultancy. In the second stage contracts for the implementation of the project are expected to be shared by a number of contractors.

In 1975 U.K. exports rose to £23.6m. from £18.0m. in 1974 but in the first three months of the current year exports are down at £4.8m. against £8.6m. a year ago. A major problem in Anglo-Bulgarian trade is that Bulgaria's exports to Britain have been falling sharply.

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OVERSEAS NEWS

The eerie darkness of Beirut under siege

BY IHSAN HIJAZI

BEIRUT, ALREADY a "city of the dead," is now moribund in other respects than the slaughter of the past 14 months. It is without electricity, water, telephones or telex. The Syrian forces have put it under siege and cut it off not only from the rest of the world, but from the rest of Lebanon as well.

The power department has been trying frantically to repair one of the 11 electricity lines that used to feed the city. Every time maintenance crews finish the repair work, the line is disrupted by shelling. Some people believe this is done deliberately to plunge Beirut into darkness at night and create an eerie atmosphere to

oppress the wrought nerves of most Lebanese.

Without power, the pumping of water to the town stops. A daily sight is small children with plastic containers ducking bullets in certain areas to reach a water hole. Without electricity, the telephone does not function properly internally and internationally.

International telephone calls provided a major link with the outside world after the new authorities in charge of the main post office cut off the telex.

Each telex subscriber has been told his line will be reconnected if he pays £55,000 (about £1,000 sterling) to these authorities. They made the point that telex bills had not

been paid in months because of the continuing crisis.

For foreign correspondents trying to get the news to the rest of the world, so-called "pigeons" or travellers, used to provide a good vehicle. But Beirut airport has now been closed and the responsible authorities have declared that it will be reopened only after security conditions permit.

A direct beam to London by Reuters news agency is a consolation, but correspondents can only use it until the evening, when the privately-owned generator has to be turned off. On the instructions of the gunmen guarding the street outside, the gunmen explained that the loud noise of the

generator could provide a signal for enemies wanting to shell the neighbourhood.

Fourteen months of fighting has made it unsafe for many Beirutis to travel to certain areas of the country. But until the Syrian troops crossed into Lebanon a week ago, Lebanese could travel by road to Damascus. Now this is not possible because of the fighting on the main Damascus-Beirut highway between Syrian forces and their Palestinian and Left-wing opponents.

Another highway which was open at least to the Moslems was the one south to the port of Sidon. Since the clashes erupted a few days ago between rival Palestinian factions, the Syrian-run Al

Saiqa has cut off this road at the outskirts of Khalde.

The measure has played havoc with the provision of supplies, especially flour. Supplies had already become a problem because lack of refrigeration resulting from electricity cuts has destroyed large quantities of perishable goods.

Beirut was already short of bread, but the city was promised flour supplies from Sidon. A ship carrying a big consignment of flour and which had docked at the southern port a few days ago slipped out to sea yesterday without unloading after fighting between Syrian troops and their opponents intensified.

Angolan expulsion on 'Callan' trial

LUANDA, June 9.

THE ANGOLAN Government today announced that it was expelling an American woman journalist whom it accused of acting as a link for mercenaries and "Angolan agents of imperialism" during the civil war in Angola.

Officials said that the journalist, twenty-eight year-old Robin Wright, part-time correspondent for the Christian Science Monitor and the Washington Post, would be placed on the next plane leaving Luanda.

Miss Wright was the first to report the killing of 14 white mercenaries, executed at the alleged orders of their leader, during the Angola war. Angolan police detained Miss Wright last night. She said that before her detention that she had been asked to testify at the trial due to start here on Friday of 13 white mercenaries captured last February in the civil war, but she refused.

A Government communiqué said today that Miss Wright was in northern Angola during the war in company with Holden Roberto, leader of the defeated National Front for the Liberation of Angola (FNLA).

The communiqué continued: "From an interview with one of the defendants, it was definitely established that Robin Wright served as a link person between, on the one hand, the mercenaries and, on the other, the Angolan agents of imperialism living in Kinshasa."

● Jane Bergner writes: Tens of thousands of Angolans demonstrated here this afternoon against the mercenaries, and called for the death sentence for those due to stand trial here later this week.

The Government has not been involved in planning this afternoon's demonstration, which was apparently called for and organised by the people of Luanda through their base committees and organisations.

Agreement signed on Djibouti independence talks

BY RUPERT CORNWELL

PARIS, June 9.

THE THREE main parties in Djibouti have reached a preliminary agreement on the process that will lead France's last colony on the mainland of Africa to independence, probably within the next 13 months.

The text was signed separately last night at the Department of Overseas Territories here by the National Independent Union (UNI) led by the enclaved, embattled chief Minister M. Ali Araf, by the parliamentary opposition, and by the long-outlawed African Popular Independence League (LPAI), which has links with neighbouring Somalia.

For the most part the agreement is straightforward enough, with the groups pledging support for a Djibouti whose sovereignty and existing frontiers were respected after independence. All three have recognised by international organisations and the neighbouring states of Ethiopia and Somalia.

There is unanimous agreement on the need for close cooperation between France and the fledgling state although it is not clear what will happen to the military base that Paris maintains in Djibouti. However, the statement does contain a clear reference to the weakening position of M. Araf who is under pressure both at home and from the French Government to resign and thus smooth the passage to independence. The chief minister, accused of dropping him.

It is expressly provided for that "in the event of a change of Government" (for instance, the departure of M. Araf) that the three parties would back a joint administration in which they would participate. It is now up to the French authorities to draw up a Bill on independence to be approved by international organisations and the National Assembly here before a referendum is held on the question in Djibouti.

Saudis drop prices of heavier crudes

NEW YORK, June 9.

ARABIAN AMERICAN Oil said today that Saudi Arabia has cut the prices of its medium and heavy crude oils by 5 and 10 cents a barrel, respectively.

Kuwait cut its price for heavy oil by 7 cents yesterday. Aramco pointed out that heavy and medium crudes, which are used mainly as industrial and marine fuels, are a very minor portion of overall oil production in Saudi Arabia. The effective date of the Saudi price cuts was not known. The Kuwait price cut was retroactive to June 1.

The Saudi Arabian light price is at \$11.51 a barrel is the official benchmark for Opec pricing and is unchanged.

The new price for the medium is \$11.28 and for heavy \$11.04.

Demand for heavier grades of crude produced in the Opec coun-

tries has been stagnant for months.

It was not immediately clear what Iran might do following the cuts by Saudi Arabia and Kuwait. Iran's heavy oil, which accounts for about half its output, was considered to be overpriced compared to the Kuwait and Saudi grades even before the new reductions.

Meanwhile, Caracas, the average selling price of Venezuelan oil—currently \$11.04 a barrel—has increased by 7 cents between January and May, according to Venezuela's Finance Minister Hector Hurtado.

When the state took over the country's huge oil industry on January 1 this year, Venezuelan oil sold for an average of \$10.97 a barrel, the Minister said.

Sen. Hurtado also indicated that the oil production is slightly above the official estimates. He gave no details, however, of oil income as a result of the increase.

It was unclear whether the price boost was included in the Government's estimated \$6.3bn oil income for this year. Although the average selling price of Venezuelan oil has increased, it still is below the level set by OPEC, which currently averages \$11.51 a barrel. Agencies

Libyans blamed for blast

A device exploded under a passenger train engine in North-western Egypt but caused no casualties and only minor damage to the tracks, Al-Ahram newspaper said yesterday, reports UPI from Cairo.

The newspaper said that Libyan agents arrested on sabotage charges near Alexandria last week confessed that they had been instructed to blow up the railroad line between the Mediterranean port city and Saloum, on the western border.

Egyptian-Libyan relations have been strained almost to the breaking point in recent months. The two neighbours have quarrelled since summer, 1975, when Cairo turned down a bid by Libyan leader Col. Muammar Khadafi to unite the countries.

Philippines debt

The Philippines' total external debt rose to \$US4.2bn. at the end of March, up 10 per cent. from the end of 1975, and the gap widened between the country's international reserves and compensatory foreign borrowing, according to figures released yesterday by the Central Bank, reports AP-DJ from Manila. The U.S. was the major foreign lender, with \$1,723bn. 41 per cent. of the debt, followed by Japan with \$714m. and Great Britain with \$349m.

China railway

China has completed and opened to traffic a railway across the Greater Khingan mountain range, the biggest forest area in the country, which borders what was formerly known as Manchuria and Inner Mongolia, according to a broadcast monitored in Tokyo by AP-DJ. Peking's official news agency said the railway "facilitates the felling of virgin forests in a planned way." The mountains also abound in mineral deposits which remained untapped in the past because of poor transportation facilities.

Growth in Japan

Bank of Japan Governor Teichiro Morinaga told a news conference that he is confident that Japan's real economic growth in the 1976 fiscal year will reach the 3.6 per cent. projected by the Government last December, reports Reuters from Tokyo. Morinaga added that the Bank will carry out its monetary policy cautiously to keep prices stable.

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Peking may seek 'normal' links with Washington

BY COLINA MACDOUGALL

THE CHINESE Premier Hua Kuo-feng indicated a visiting Japanese, Mr. Aichihiro Fujiyama last Monday that he expected developments leading to normal Sino-U.S. relations after the American presidential election in November. This follows an official report that the U.S. Secretary of State Henry Kissinger may be visiting Peking within the next couple of months to discuss the question. The U.S. State Department is understood to be pressing for the establishment of relations after the election, though the speed of negotiations will depend on who the new U.S. President will be.

In order to establish full diplomatic relations with Peking, the U.S. Government will be obliged to break off relations and to abrogate its defence treaty with Taiwan, since it will not be

possible to have a treaty with what will only be a province of China. However, the hope now is that certain of the treaty's provisions will be allowed to continue unofficially, such as the continuing provision of spare parts and training for the military. The Chinese in Peking may be expected to close their eyes to this since Taiwan feels itself too exposed it might call in the Soviet Union to its aid.

The American line on Taiwan in discussions with the Chinese hitherto have been to stress how "patient" Peking has been in waiting for the implementation of the joint communiqué issued at the end of former President Nixon's 1972 trip to China. In this communiqué the U.S. affirmed that Taiwan was part of China and that it would ultimately withdraw all U.S. forces and military installations.

This year we've pulled out all the stops for you.

LONDON — **LUSAKA**

Don't you agree, 1976 is no year for the status quo? More a time for examining existing arrangements to see if they can't be improved? If so, you'll appreciate why we're making our 1976 service to Zambia not just the best we've ever offered, but the best there is:—

Example: We're now flying non-stop to Lusaka in approximately 9hrs 55mins twice a week.

Example: We're now flying a total of four weekly flights (including a new Sunday service), 2 via Rome and 2 non-stop, with sensible departure and arrival times; and fast connections to the Copperbelt and other key centres. No-one else does.

Example: We can now fly your company's freight on a regular Friday service into Ndola via Lusaka in 19 hours. No-one else does.

Of course, we know you don't choose your airline simply for its statistics. It's a question of friendliness, comfort, personal attention. So this year our service will be even more attentive and conscientious than ever. And we pride ourselves that our food will reach even higher standards than those praised before.

What do we ask in return? Nothing except you give us a fly.

	Depart London	Arrive Lusaka	Flying Time (approx.)
Tuesday	1840	0700	10hrs 20mins
Thursday	2005	0700	9hrs 55mins Non-stop
Saturday	2005	0700	9hrs 55mins Non-stop
*Sunday	1915	1040	11hrs 10mins

*Alitalia Flight No. AZ279 to Rome, connecting with Zambia Airways Flight No. QZ807 to Lusaka. (All times are local times)

Zambia Airways Corporation,
163 Piccadilly, London W1.
Tel: 01-491 7521. Telex: 27127 Zambair London

Dalmine

The annual shareholders' meeting of Dalmine S.p.A. (IRI-Finsider Group) was held in Milan on April 30, 1976. The meeting was chaired by Ing. Gian Angelo Giavazzi.

The year ended December 31, 1975 closed with a profit after taxes of Lire 9,477,718,498 (1974—Lire 4,782,496,383). This profit includes a capital gain of Lire 1,087,847,468 from the sale of the Taranto plant. Depreciation of fixed assets charged against income totalled Lire 43,029,831,905 (1974—Lire 39,229,402,120), of which Lire 13,769,061,609 were accelerated depreciation.

The Board of Directors' report emphasised the fact that in 1975 the sharp decrease in demand for steel tubes was common to most markets causing increased competition and a drop in prices, and that Dalmine, despite this, was able to achieve better earnings than in 1974. Among the reasons for this increase, there are, in particular: a more selective marketing strategy both from a geographical and product line point of view and a considerable backlog of orders on hand at the beginning of the year.

Also underlined by the report was the important part played by exports which more than doubled over 1974. Exports have become a fundamental point for Dalmine, and entail a continuous and significant presence on foreign markets.

In the review of the market areas in which steel tubes are used it was noted that practically all these areas were hit by the 1975 recession, which was characterised by a general fall in production and by a lack of public and private capital expenditure.

Cost trends were irregular and did not fully reflect the decline in selling prices. 1975 steel tube production was 541,477 tons. The figure includes 56,350 tons produced by the Taranto plant prior to its sale on June 30, 1975. Net of Taranto production, comparable figures for 1974 and 1975 were 551,465 tons and 784,327 tons respectively, a decrease of 7.9%.

Shipments (including Taranto) were 887,569 tons (912,185 tons in 1974) of which exports amounted to 411,855 tons (211,283 tons in 1974). Sales revenues were Lire 496.2 billion (1974—Lire 357.5 billion).

At the Dalmine plant, installation of machinery and equipment for the new continuous casting plant has been practically completed and start-up trials are expected to begin within a couple of months. Construction started on the new medium diameter high productivity seamless pipe mill.

In referring to the first months of 1976 the report notes that unlike what is happening in other countries, the Italian economy is giving no short term signs of a recovery. Dalmine, however, reaffirms their intention and commitment to pursue objectives of continued growth and expansion, and express the hope that the constraints acting negatively on the national economy will soon be removed.

The Stockholders' Meeting approved the financial statements as at December 31, 1975 and resolved to distribute Lire 3,780,000,000 as dividend for 1975, the equivalent of Lire 75 for each common share of Lire 500 par value; to assign Lire 4,097,947,466 to a capital reserve fund covering gains from the sale of Taranto plant and to allocate Lire 1,599,769,032 to the special reserve fund. The dividend is payable beginning May 19, 1976.

The Meeting elected the new Board of Directors for the 1976-1978 term: Dr. Fabrizio Anonini, Dr. Romolo Arena, Dr. Enzo Berlanda, Dr. Ing. Alberto Calbani, Dr. Ing. Duilio Colombo, Cav. Lav. Prof. Giordano Dell'Amore, Dr. Ing. Gian Angelo Giavazzi, Dr. Ing. Tommaso Liberati, Cav. Lav. Dr. Ing. Mario Marchesi, Dr. Luigi Micchi, Prof. Vincenzo Pace, Cav. Lorenzo Suardi, Dr. Ing. Guido Vizzuzzi were appointed.

Fifty stockholders were present at the Meeting representing either personally or by proxy 29,583,653 shares equal to 58.72% of the capital stock.

Satisfactory answers to stockholder questions were given by the Chairman of the Board and the Managing Director and General Manager. After the closing of the Annual Meeting, the Board of Directors met and confirmed Ing. Gian Angelo Giavazzi as Chairman and Ing. Tommaso Liberati as Managing Director and General Manager.

Ing. Duilio Colombo was named Vice-President.

Milan, April 30, 1976.

5/17 on 1/14/76

EUROPEAN NEWS

Cortes approves parties reform

BY ROGER MATTHEWS

MADRID, June 9.

THE SPANISH Government has published a bill which would reform the Cortes, the national assembly, and would give it the power to elect and dismiss the Government. The bill, which is expected to pass the Cortes on June 10, would give the Government the power to elect and dismiss the Cortes, and would give the Cortes the power to elect and dismiss the Government. The bill, which is expected to pass the Cortes on June 10, would give the Government the power to elect and dismiss the Cortes, and would give the Cortes the power to elect and dismiss the Government.

TRONOH MINES, LIMITED

("TRONOH")

AYER HITAM TIN DREDGING LIMITED

("AYER HITAM")

THE SUNGEI BESI MINES, LIMITED

("SUNGEI BESI")

PROPOSED RECONSTRUCTIONS

Shareholders in the above Companies ("the Companies") have been informed by recent Annual Reports that discussions have been taking place with the United Kingdom and Malaysian authorities with a view to transferring the control of the Companies to Malaysia. This would make investment in the Companies more attractive to Malaysians and would encourage increasing local participation in accordance with the policy of the Malaysian Government. To that end the Directors of each of the Companies intend, independently, subject to certain conditions being obtained on a satisfactory basis, to make recommendations for the reconstruction of the Companies which will be in the interests of the shareholders. The reconstruction of each Company would effectively result in the shares held by United Kingdom residents being exchanged for foreign currency securities which, subject to and in accordance with United Kingdom Exchange Control regulations, would, in normal circumstances, be eligible for sale with the benefit of the investment currency premium to the extent set out below, and would in no way diminish the rights of existing shareholders or alter the assets attributable to their shares. It is intended to effect the reconstruction of each of the Companies independently by means of a Scheme of Arrangement under Section 206 of the Companies Act 1948 ("the Scheme"), particulars of which are expected, subject to the approval of the Malaysian authorities referred to below, to be posted to shareholders in July 1976, together with notices convening meetings at which their approval of the Schemes will be sought. Subject to such approval and to the sanction of the Court, the relevant Schemes are expected to become effective in October 1976. Under the terms of the Schemes, the shareholders of the Companies would exchange their shares for an equal number of shares in new Malaysian Companies, with the effect that each of the Companies would become a wholly owned subsidiary of a Malaysian Company and all the shares in the Malaysian Company would be held by the former shareholders of the subsidiary. Applications would be made for the shares in the Malaysian Companies to be listed on the Stock Exchange, London and The Kuala Lumpur Stock Exchange Berhad and the Board of each Company would not take any steps to make the Scheme effective unless it was satisfied that the shares in the Malaysian Company concerned would be so listed. It is the intention of the Board of each Company to apply at a later stage for a listing on the Stock Exchange of Singapore.

It is intended to transfer the residence of each Company from the United Kingdom to Malaysia for taxation and exchange control purposes if the Scheme applicable to it becomes effective; the control of each Company would accordingly thereafter be exercised in Malaysia, with corresponding changes being made to the Boards of each Company. The necessary consent in the United Kingdom for the transfer of each Company's residence for taxation and exchange control purposes has been given in principle and the appropriate consents in Malaysia are being sought. The proposed reconstruction of each Company is dependent upon these consents. The Malaysian Companies would also be controlled in Malaysia and the majority of their directors would be Malaysian residents.

If the Schemes become effective, 75 per cent of the proceeds of the sale of the shares in the Malaysian Companies by United Kingdom residents would, subject to and in accordance with United Kingdom Exchange Control regulations, in normal circumstances qualify to be treated as investment currency which currently stands at a net premium of approximately 5%.

The Bank of England has today issued Supplement No. 32 to the Notice ECR, which requires that, as from the close of business on The Stock Exchange, London on 9th June 1976 until such Scheme becomes effective, all purchases of shares in the Company concerned by United Kingdom residents from non-residents should be made with investment currency or with the sterling proceeds of a sale of investment currency to a United Kingdom Authorised Bank at the current market rate in the official foreign exchange market. However, as the shares of none of the Companies have, by virtue of Supplement No. 32, become foreign currency securities, the proceeds of any sales of such shares during that period by United Kingdom residents to non-residents will not be regarded as investment currency. The exchange of shares in the Companies for shares in the new Malaysian Companies under the Schemes will not give rise to any requirement for a United Kingdom resident to purchase investment currency.

On the day on which each Scheme becomes effective the Bank of England will issue a further notice advising that the shares in each Malaysian Company are foreign currency securities for the purpose of the Exchange Control Act 1947, and should be dealt with under the rules appropriate to such securities as set out in the Notice ECR. All dealings by United Kingdom residents in shares of the Malaysian Companies concerned must thereafter be conducted through a stockbroker or other Authorised Dealer who will ensure that relevant Exchange Control regulations are observed.

Charter Consolidated Limited ("Charter") is beneficially interested in the issued share capitals of Tronoh, Ayer Hitam and Sungai Besi to the extent of approximately 29 per cent, 18.4 per cent and 6.3 per cent respectively. Charter has agreed with an investment holding company controlled by the Government of Malaysia, Pemas Securities Sdn. Berhad ("Pemas"), to a transaction which, subject to certain conditions, envisages the disposal by both Pemas and Charter to a new Malaysian company, New Tradewinds Sdn. Bhd. ("New Tradewinds"), of shares in certain Malaysian companies, principally those engaged in the tin mining industry and including, in the case of Charter, the majority of the shares which it would hold in the Malaysian Companies; in exchange, New Tradewinds will issue shares in its capital to Pemas and Charter in proportion to the value attributed by them to the shares which each will contribute, which would result in New Tradewinds being owned 50% by Pemas and 50% by Charter.

Consideration is being given to the declaration of dividends by the Companies before the Schemes become effective. Further details will be set out in the documents giving particulars of the Schemes.

Copies of this announcement will be posted to the shareholders of each Company as soon as possible.

by order of the boards
for and on behalf of
CHARTER CONSOLIDATED LIMITED
Secretaries
J. B. Kettel
9th June 1976.

Cost cloud over Nato warning system

By Malcolm Rutherford

BRUSSELS, June 9.

NATO plans for a \$2.5bn. early warning system may have to be dropped because the majority of member governments now believe the costs are too high.

The plans for an airburst warning and control system (AWACS) are the most ambitious ever formulated in the Alliance, as well as the most expensive. It emerged to-day, however, that Britain is the only remaining firm European supporter. Even the West Germans, who backed the plans in the past, are now said to be wavering and are reluctant to make any financial commitment until after the general elections on October 3.

The U.S. is expected to use the meeting of Nato Defence Ministers, which opens here to-morrow, to urge the Europeans to reconsider their position. But the most that is likely to come out of that is an agreement to postpone a final decision until December or even next spring.

Such a delay would cause considerable embarrassment to Britain, which has continued to fund an alternative project—the Nimrod Mark 2—of its own, but would prefer to drop it in favour of a joint Nato purchase of AWACS. The Nimrod project is reaching the stage where large sums of money will be required, if it is to be continued.

The AWACS programme is based on fitting advanced radar equipment and anti-jamming devices into and on top of Boeing 707 aircraft. Its chief merit is that it would enable Nato to see well into the Soviet Union and Eastern Europe and especially to detect low-flying machines.

The cost of each aircraft is put at \$65m., though estimates for even more advanced versions have topped \$100m. The number of aircraft required to allow full coverage of the Nato front from the northern to the southern flank is 36. Thus even the \$65m. version would cost the Alliance \$2.34bn., that figure excluded ground equipment.

It had originally been hoped that almost all the members of the Alliance would contribute to the cost, even if they did not all acquire their own aircraft. The view now is that the project might just be saved if the West Germans agree to back it, but without German support there is no hope of a Nato solution.

Suggestions that the Germans are insisting on U.S. promises to buy German tanks as part of a package deal have not been officially confirmed, though obviously any U.S. move in this direction would ease the German financial position.

If the AWACS plan does collapse, Britain will have to choose between buying a few of the U.S. machines for itself or going on with the Nimrod programme, which has been officially confirmed, though obviously any U.S. move in this direction would ease the German financial position.

Defence Ministers of the tenation Group met while to-day held their traditional eve of Nato meeting, but it is notable that much of their work on weapons procurement is already being transferred to the newly formed European Programme Group, which includes France.

Mr. Roy Mason, the British Defence Secretary, may have to miss the rest of the week's meetings because of the absence of pairing arrangements in the House of Commons.

Power for Hungarian unions

By Paul Lendvai

VIENNA, June 9.

THE HUNGARIAN Government has decided to increase the powers of the trade unions at enterprise level. According to a decree just published, a new union leadership and the shop stewards will have to be consulted not only with regard to collective bargaining agreements but also when fixing individual basic wages and housing allowances.

To protect union representatives from retaliation by management they cannot be dismissed or transferred without the approval of the higher orders of the unions concerned. Henceforth, disciplinary proceedings against a union representative or shop steward are subject to approval by the higher union bodies. This protective clause remains in force for two years after the expiration of the term of the shop stewards.

The latest measures are politically interesting since, in Communist countries, unions are merely so-called transmission belts for the ruling parties. In Hungary, however, the competitive forces unleashed by the economic experiments and the conflicts between individual and group interests have combined to give the unions a steadily growing role.

France to raise Fr.2.5bn. loan

BY RUPERT CORNWELL

PARIS, June 9.

THE FRENCH Finance Ministry

to-night announced a Fr.2.5bn.

(\$290m.) state loan to be floated

on the domestic capital market

on June 22, to help finance the

massive Budget deficit incurred

by last year's emergency public

spending programmes to refuel

the economy.

The primary purpose of the

issue, which will run for 15 years,

with an annual coupon of 10 per

cent, is to consolidate part of the

Government's new debt, which

has hitherto largely been covered

by the issue of short-term

Treasury bills.

These have had the inevitable

effect of swelling the money

supply dangerously at a moment

when inflationary pressures are

once more discernible in many

sectors of the economy. The

recently adopted device of five

year bills with progressively

rising interest rates has appar-

ently been only a partial success.

Although the bond market

here has been somewhat sluggish

recently the news of the loan

was greeted with somewhat

approving relief by bankers,

insofar as the size is modest

compared with similar borrowings

in the past. That of January, 1973,

for example raised over Fr.6bn.

(\$700m.).

In addition the latest bank

lending and savings statistics

show that liquidity is ample at

the moment. The difference be-

tween the 10 per cent. coupon

and the standard 10.2 per cent.

long rate on publicly-guaranteed

loans will be more than

made up for by certain tax

advantages to attract investors.

Although no other loans are

planned between now and the

end of this month, the scheduled

timetable of issues should not

be too upset.

HOME NEWS

Way clear for compromise on Sullom Voe oil storage

BY RAY DAFTER, ENERGY CORRESPONDENT

THE WAY appears to have been cleared for a compromise deal in the dispute which has threatened the £400m. Sullom Voe oil terminal in the Shetland Islands.

The Sullom Voe Association, comprising representatives of the oil industry and Shetland Islands Council, met today to consider the latest suggestion aimed at breaking the deadlock over oil-storage facilities.

All companies could save over £30m. if the deal is accepted. The compromise involves storage being provided in surface tanks, rather than in caverns as the council had originally demanded.

In return, the oil companies are likely to concede a "significant shift" in their attitude towards treatment facilities.

It is likely that British Petroleum, as operator for the Nioian pipeline, and Shell, operator for the Brent pipeline, will accept the principle of a single treatment plant, handling oil from both pipelines. At present, the companies plan for

the oil to be treated in two separate terminals.

Hopes of a compromise rose yesterday after a meeting of the Council, it supported the concept of the scheme by 13 votes to three.

The Council and the oil industry have been deadlocked over the storage issue for many months and the dispute looked like threatening the future of the terminal which will be the biggest of its kind in Europe, costing between £400m. and £500m.

Oil companies claimed that underground storage was too costly and that the geological structure of the island might not be suitable for retaining bulk quantities of crude.

Mr. Ian Clark, the council's chief executive, refuted a suggestion that the compromise was a result of Government influence. "There has been no pressure from Government sources. They have not issued any instructions or veiled threats."

As reported in the Financial Times on May 28, if no agree-

ment had been reached within a couple of months the Government would have been forced to intervene. Up to now, however, the Department of Energy has kept out of the dispute.

The terminal will play a major strategic role in future energy supplies for Britain. By 1980 it is envisaged that the two pipelines will be handling about 40m. tons of oil a year—equivalent to about half Britain's present consumption.

A Shell executive said yesterday that there was a need for the offshore industry to search for "another operational mode" to exploit deep gas deposits.

Mr. Eddy Goldman, head of field engineering, drilling, production and transport with Shell International Petroleum (Netherlands), said in London that producing gas from fields in waters more than 1,000 metres deep presented new problems.

While present exploitation was conducted in the relatively shallow waters of the Continental shelves, the similarity with land-based operations remained, in that equipment, plant and well

heads were based on platforms which formed, in effect, "a piece of dry land."

Speaking at the World Gas Conference, Mr. Goldman said that as exploration spread into deeper waters, platforms ceased to be practical.

Two major choices were available: complete underwater production systems or using a floating base to carry the majority of process equipment.

Overcapacity in the British industry that builds offshore modules—the prefabricated units incorporating production or accommodation facilities—will last five to ten years, according to Gordon Young, manager of Redpath Dorman Long (Teesside).

As in the rig construction industry there had been early overestimation of the likely North Sea market and this had led to a massive increase in the scale of demand for module construction.

There are ten yards in Britain at present able to build more than 400 units a year—equal to the expected total world demand.

Lloyds to raise tariffs soon

BY MICHAEL BLANDEN

HIGHER CHARGES for customers of Lloyds Bank are likely to be announced soon, following the increased tariffs already published by Barclays and National Westminster.

Lloyds put its proposals to the Council last month. They include rises in the rates applying both to personal and to corporate customers.

No further details of the bank's plans have been released, but judging by the pattern adopted by its competitors, they could include changes in the minimum balance required for personal customers to be allowed free banking and higher charges for individual transactions.

In the present, personal customers of Lloyds have to keep an average balance of at least £100 in their accounts to qualify for free banking. For customers who do not meet this requirement, the bank has a sliding scale of charges.

This is among the most complex at present in the clearing banks, and it is thought Lloyds could take the opportunity to simplify its tariff.

The increases will follow shortly, when the 24-day period during which the Price Commission can raise objections to proposed rises ends.

So far, Barclays Bank has announced a doubling of the qualification for free banking to a minimum balance of £100 or an average of £200, as well as lifting the charge for customers who do not meet this limit to 10p a time for withdrawals.

NatWest has also raised the charge for withdrawals to 10p, but has reduced the number of free bankings to a minimum balance of £50. Midland has also put its proposals to the Commission, but has given no details.

Cigarette advertising attacked

By Donald Maclean

THE SPIRIT of the Code of Advertising Practice is being breached by cigarette advertisements, says the Consumers' Association in the June issue of its magazine, Which?

According to a report in the magazine, "if the intention of the code is to prevent cigarette smoking from being associated with a desirable life-style, then there is a hole as big as a house in it."

The report reproduces advertisements which, it says, associate smoking with a "luxurious way of life" with an activity such as being out on the beach in the fresh air, "which many people would regard as being healthy."

It is certainly a word, like clean or pure, which, according to the code, should not be used in relation to cigarette advertisements.

State borrowing requirement down £160m. on last year

BY ANTHONY HARRIS

THE Central Government borrowing requirement for the first two months of the present financial year was £1,030m., £160m. less than the same period in 1975, but the Consolidated Fund deficit, a more reliable indicator of revenue and expenditure trends, rose by £76m. to £563m.

The figures are regarded in the City as being in line with the projections made at the time of the Budget. In May there was some reduction in both measures of the deficit.

The rise in Supply Service expenditure—the current spending voted by Parliament—was 14 per cent. higher than in 1975, compared with a Budget forecast of an 8½ per cent. rise for the year as a whole, but this was expected, since some economy measures

taken are not expected to emerge at this stage.

Consolidated Fund revenue as a whole, at £5,139m. for two months, was 13 per cent. higher than last year—the same percentage increase as that for the National Loans fund transactions, which are erratic from month to month, which produced the smaller total borrowing requirement.

There was a sharp fall in lending to nationalised industries and local and harbour authorities, but the cost of interest on the National debt rose by £127m. in the two months, again in line with the Budget projection of an increase in the cost of debt service from £3,569m. to £4,909m. for the financial year.

Vauxhall to reduce its dealer network

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

VAUXHALL'S DECISION to trim back its sales outlets, by almost 100 will open up new opportunities for foreign car manufacturers seeking to establish dealer networks in the U.K.

The Vauxhall plan, which should be completed by the beginning of next year, will bring its network down from 812 to 720 outlets.

It comes hard on the heels of a reduction in the Chrysler sales organisation and is expected to be followed by a gradual reorganisation of British Leyland dealer franchises.

Over the last decade British manufacturers have reckoned to have reduced the number of dealers in their franchises by about 50 per cent. This reflects both the rising state of imported vehicles in the U.K.—which was a high import market until the mid-1960s—and the fact that Ford and, later, British Leyland, concentrated sales on larger dealers.

It has been argued that the best way to increase efficiency and service is by creating larger organisations and this is one of the main ideas behind the new Vauxhall reorganisation. Most of

the dealers leaving the franchise will be small concerns.

"There is no doubt that similar reorganisations in the past have given importers the foothold in Britain they needed. Some importing organisations are still looking for suitable outlets to expand and consolidate their dealer chains."

At the same time, though, importers' prospects have taken a blow from the rapid devaluation of the pound. Overseas manufacturers have continued to increase their share of the market, but profit margins are being trimmed to such an extent that further expansion will not be easy.

Vauxhall, which shares 38 of its outlets with Opel, the German arm of General Motors, is aiming to increase throughput per dealer substantially over the next 18 months.

So far this year the company's U.K. sales have gone up by a little over 31 per cent., and it is aiming to sell about 120,000 cars this year against 87,570 in 1975.

Next year it plans another substantial expansion to between 140,000 and 150,000 units.

Staveley to receive £749,000 in grants

By Kenneth Gooding, Industrial Correspondent

STAVELEY INDUSTRIES is to receive grants totalling up to £749,000 from the Department of Industry under the machine tool aid scheme.

This means Staveley will be setting around £1m. of Government money against its own resources, previously arranged a grant of £1,216,000 under the Department's foundry assistance scheme.

As Dr. Adolf Frankel, managing director of Staveley, points out last night, this indicates that the group will be investing about £15m. from its own resources, these two areas over the next three years.

He said that the group's machine tool operations would be significantly expanded. This has enabled Staveley to commit considerable resources of its own to investment and development within the U.K. machine tools division.

The assistance from the Department of Industry will enable the company to expand and accelerate this programme.

The grants, over a three-year period, will take the form of investment grants of 30 per cent. towards the cost of modernising plant and equipment, and interest relief grants towards the cost of design, development and prototype building of new machine tools.

The previously arranged four-year assistance money is being used to accelerate the development and investment programme in Staveley's foundries and abrasives group.

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Brentford Nylons cuts feared

By Terry Wilkinson

THERE is a strong possibility of production cuts and redundancies at Brentford Nylons' main factory at Crumlington, New Town, Northumberland, adding to the pressure for a quick decision on the company's future.

In the hands of receivers for 15 weeks, the private textiles concern has been the subject of possible takeover discussions with Louth, the international trading company.

The workers themselves have made an £1m bid for the major part of Brentford Nylons, excluding the company head offices in West London. They have approached the Department of Industry for some £5m, and the remainder is intended to come from as yet undisclosed City banking sources. The Government may prefer to see the possibility of a wholly private-sector solution explored.

A fortnight ago Mr. John Naylor, one of the joint receivers, told employees at Crumlington of a prospective bid from Louth. It excluded a small factory at Greenock, but Mr. Naylor said he hoped to persuade the group to include this in its offer. Louth, which is also thought to have approached the Department of Industry for a loan, has yet to make a formal offer, and is still assessing the whole situation, according to a spokesman.

The main Brentford factory at Crumlington, which employs 1,400 people, has been over-producing in relation to sales in the past few weeks. The strain that this imposes on the company's financial resources is bound to cause concern to the joint receivers. If cuts are made, this will lessen the chances of the assets of Brentford Nylons being passed on intact to a prospective buyer.

Castle leads Labour attack on Ennals

BY PETER HENNESSY, LOBBY CORRESPONDENT

MR. DAVID ENNALS, Secretary for Social Services, was strongly criticised yesterday at a special meeting of the Parliamentary Labour Party over the Government's child benefit scheme in full.

MPs from all wings of the party rounded on him. His predecessor at the Department of Health and Social Security, Mrs. Barbara Castle, accused him of "double talk of the worst kind."

The Government's original intention was to introduce a new method of family support to replace both child tax allowances and family allowance. The benefit would be paid direct to the mother and, unlike the present system, would be available to all mothers with children under 16.

The scheme had a particular attraction for the Labour Party as it transferred money "from the wallet to the handbag" and ensured a better deal for the poorest families who do not benefit from tax allowances.

The Government announced before the Whitman recess that the proposed £4 pay limit would make it difficult to persuade wage-earners to forgo child tax allowances, which would appear to wipe out any increase they might receive under the next pay

the Government against the very limited scope there would be for increases in gross pay in the coming period.

A child benefit of £4 a week would cost the Treasury £1bn. a year and could not be contemplated in present economic circumstances. The modified scheme would cost £95m., he added.

Mrs. Helene Hayman, MP for Welwyn and Hatfield, said taxation would reduce the value of the £1 payment to 35p. It was just a "bit" to cover up the Government's embarrassment. The decision was that of "a male dominated Cabinet."

Mrs. Castle rejected Mr. Ennals' assertion that she would have done the same had she remained in office. She feared that the scheme had not been properly thought out, but had sunk without trace. "It was a change of principle and not tactics. She urged the Cabinet to think again, or else it would have a fight on its hands with the Labour movement."

Mrs. Hayman's motion regretting the Government's decision has been signed by 105 Labour MPs. Twenty Conservatives have tabled a similar motion.

But the Government should find a majority in the Commons for its affirmative resolution implementing the modified scheme, which will be put before the House later this month. There will be loud protests on all sides but few MPs are likely to jeopardise an additional welfare payment however small.

Labour MPs put their faith in the TUC making the full implementation of the scheme a precondition for the next phase of the social contract at the TUC-Labour Party liaison committee meeting later this month.

Capital Annuities pay-out

By Eric Short

MOST policyholders in Capital Annuities, the life company which applied for liquidation at the end of April, will receive interim payments in respect of contractual obligations under their policies at a rate of 70 per cent. of amounts due.

Details of this interim scheme were given in a letter sent yesterday to policyholders by Coopers and Lybrand, the special managers.

The scheme, which will be administered by the Policyholders Protection Board, will make payment in respect of periodic annuities, sums due on maturity or vesting of annuities and payments on the death of an annuitant.

Capital Annuities has about 3,500 policyholders, most of whom are annuitants and will benefit from the scheme. The letter shows that no surrender payments will be made, except where policyholders have already opted to receive 4 per cent. of the purchase price of High Income Surrender policies.

Coopers and Lybrand hopes to start the scheme as soon as possible, but is still engaged in discussions with the Inland Revenue over the deduction of tax.

The report reproduces advertisements which, it says, associate smoking with a "luxurious way of life" with an activity such as being out on the beach in the fresh air, "which many people would regard as being healthy."

It is certainly a word, like clean or pure, which, according to the code, should not be used in relation to cigarette advertisements.

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MOVES TO ALTER SYSTEM OF ENERGY PAYMENTS

Backing for CEBG loss claim on smelter Flat rate call for gas and power

By Roy Hodson

THE ELECTRICITY Council yesterday supported the Central Electricity Generating Board's claim for compensation on the losses it sustains in supplying power to the aluminium smelter at Holyhead, Anglesey.

The CEBG has incurred losses of more than £40m. on the deal, and believes being discriminated against, as the Government is compensating the North of Scotland Hydro-Electric Board for a similar contract to supply the Invergordon smelter. The Scottish Board's losses are thought to have been no less than those incurred by the CEBG.

The council intends to raise the matter informally with the Government. It will point out that the ultimate sufferers will be electricity users in England and Wales who will have to meet the losses on their bills, while the North of Scotland users will escape a similar burden.

Challenging Apart from challenging the Government on the decision to treat the Scottish and Welsh cases differently, the Electricity Council will seek to extract an acknowledgment that the Government itself bears at least part of the responsibility for the losses.

When the smelters were established in 1968 with Government aid, the electricity undertakings were asked to provide the large quantities of power needed at favourable rates. "We were under considerable pressure from the Government to enter into the contracts at that time," it was stated within the industry.

Editorial comment Page 18

A FLAT-RATE tariff for gas and electricity users is being urged by the National Consumer Council in a paper for the National Energy Conference in London on June 22.

Mr. Michael Young, chairman of the Council, maintains that a flat rate system, opposed by the electricity and gas industries, would be fairer than the existing rate structures.

All consumers large or small, would pay the same average price per unit, which would particularly benefit the great majority of low-income consumers. Flat rate tariffs would not depart so far from costs as to distort industry decision-making and forecasting.

The recommendation is in one of 20 papers by various organisations. They will be discussed at the one-day conference, at which Mr. James Callaghan, the Prime Minister, and Mr. Anthony Wedgwood Benn, Energy Secretary, will make policy statements.

The Council states that the existing tariff structure is promotional in that larger users buy supplies at a lower average price than small users. A flat-rate system would encourage conservation.

Asc. Concern. Help the Aged and the Child Poverty Action Group, in a joint statement, regret that there appears to be no official backing for reform of either the "inequitable standing charges" or the tariff structure. The tariff calls for the widest possible choice of payment methods and major reform of the powers of the gas and electricity Boards on deposits

and disconnections. At the same time it wants to see an extension of national insurance provisions.

The Friends of the Earth and the Conservation Society, in a joint presentation, urge the Government to press for construction of a series of small coal-fired prototype "total energy" stations, demonstrating various modes of utilisation.

They prefer his form of progress to the proposed two prototype nuclear stations, costing an estimated £150m.

It was time to make an explicit redistribution of money and other resources to create a fair balance among all energy forms. There seemed no prima facie reason why civil nuclear energy should be singled out for special public funds, "while all other

forms of energy, research and development have to divide up the left-overs."

The Nuclear Power Company urges the Government to maintain a domestic nuclear industry of competence and acknowledged international standing. In this way the nation could proceed with a limited programme of thermal reactors and provide the capability to progress further with fast-breeder reactors.

"It is sufficient to accept that for the U.K. there is a need for the next decade to preserve an option to adopt the fast-breeder reactor. Such an option requires that the U.K. should have the competence and access to information. For this purpose, participation by the U.K. nuclear industry in the international development will be essential."

There is a need for agreement among the Energy Conference participants. In the Electricity Council's view, that once the Government has set the rules, they will be adopted generally as a settled basis for British energy development in the long-term.

That would be the most beneficial result possible from the conference, the Electricity Council believes.

Medium-term considerations might, in the Electricity Council's view, require high rates of depletion of British fossil fuel reserves—primarily to improve the balance of payments.

Nevertheless, the Government should seek to reduce its direct intervention in energy decision-making.

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New A-power stations could be built underground

BY DAVID FISLOCK, SCIENCE EDITOR

THE U.K. Atomic Energy Authority is investigating the possibility of siting new U.K. nuclear power stations underground, with the aim of identifying possible sites—including coastal caverns—and of estimating construction times and costs.

This is disclosed in a report, published today, of evidence submitted by the authority to the Royal Commission on Environmental Pollution.

The royal commission, under the chairmanship of Sir Brian Flowers, asked in 1974 for answers to several questions relating to its study of radiological safety.

Underground siting of nuclear plant has been proposed as a way of overcoming several environmental problems, such as the risk of damage and injury in the event of a major accident, and the visual impact of such nuclear power stations and their transmission lines.

For the utility, the authority's evidence says, the advantage of "undergrounding" is the potentially greater freedom it permits for siting stations.

The drawbacks would include a "substantial addition to costs" and the inconvenience of working underground sites, while it would also be more difficult to modify or extend such plants once installed.

But the main difficulty would probably be removal of waste heat—for which reason coastal plants have been suggested, although these might prove unacceptable environmentally.

Discussing the consequences of a major accident at a nuclear station—such as an air crash—might cause by crashing—into the sea—generates a risk of radioactive contamination of the coastline, which would pose the greatest threat to public health, particularly for children.

Britain's plutonium stock, arising from reactor operations, is expected to grow from tonnes in 1976 to which tonnes were held as stocks in the rest of reactors or spent fuel ponds—to 28 tonnes in 19 and 250 tonnes by the year 20.



Censure motion defeated

Tory leader sees drift to Iron Curtain state

Minister renews takeover tax pledge

By Justin Long Parliamentary Correspondent

THE GOVERNMENT cleared up yesterday the mystery of the missing concession—promised but so far not produced—for the relaxation of the capital gains treatment on compensation stock following nationalisation of shipbuilding and aircraft companies.

Mr. Joel Barnett, Treasury Chief Secretary, firmly renewed his undertaking to provide a relief, apologising for its non-appearance so far.

And he further promised that it would apply to any future nationalisation when Tory MPs took the Commons Standing Committee on the Finance Bill into an all-night sitting to get the Government to clarify its intentions.

With the Aircraft and Shipbuilding Industries Bill now at a halt and its future uncertain, the Opposition condemned the proposals as "phoney and fraudulent," the description applied by Mr. Nigel Lawson (C, Blaby) who raised the debate on the Government's plans.

But Mr. Barnett, rebutting these criticisms, and talking in terms of the Bill's continued passage, pointed out the capital gains tax situation where ill-gotten compensation stock was sold.

"I recognise, however, that there could be circumstances where the holders of the stock, the parents or consortium companies, might want to invest the proceeds of the gifted securities in some other industrial investment. I wouldn't wish to discourage that, nor would the Government," said the Chief Secretary.

Consideration had been promised for a roll-over relief if the profits were invested in qualifying assets.

Such a relief was unusual. It would require more than an amendment. A new clause to the Bill would be needed. And the new clause to meet the commitment for a relief "as soon as we are ready to put that clause down at the appropriate stage in the proceedings."

"But until we know the circumstances of the Bill, I don't know precisely when I will be putting down the clause," Mr. Barnett added.

Debate on the Bill was adjourned until this afternoon when the Opposition will renew its attack on the so-called "snooper's charter" clause.

New sizes for wine carafes

CARAFES OF wine when consumed on the premises will have to be sold in prescribed quantities, according to a draft Order laid before Parliament by Mr. John Fraser, Minister of State for Prices and Consumer Protection.

In a reply to Miss Jo Richardson (Lab., Barking) he said the carafes would be sold only in quantities of 25 cl, 50 cl, 75 cl and 1 litre; 10 fluid ounces and 20 fluid ounces. The containers will also have to display the quantity contained.

Electoral reform 'could check abrupt reversals of policy'

By Peter Hennessy, Lobby Correspondent

A SYSTEM of proportional representation which would greatly increase the chance of coalition government in Britain was recommended unanimously yesterday to replace the present "first-past-the-post" system.

The proposal, by an independent commission on electoral reform sponsored by the Hansard Society—was immediately welcomed by the Liberal Party. But Lord Blake, chairman of the commission, admitted that it was unlikely to find favour with the Labour and Conservative Parties which had a vested interest in present arrangements.

The report claims the risks inherent in coalition government were outweighed by removing the disadvantages of "flagrant minority government" from which the country was suffering. But it warned that electoral reform was not a panacea for the nation's ills.

THE Tories, with MPs summoned from all over the world, last night lost their most determined attempt to defeat the Government Bill by a majority of 19.

Mrs. Margaret Thatcher, Leader of the Opposition, who accused the Government of "drift, debt and decay," had moved a censure motion that "this House has no confidence in Her Majesty's Government." It was defeated by 309 votes to 290.

She said the debate was not just about statistics. It was about freedom. "We have seen this Government retreat from freedom, retreat from Parliamentary democracy and retreat from a mixed and free-enterprise economy and retreat from living within the nation's means."

Mrs. Thatcher said the nine weeks since the Budget had been a "near disaster" and the Government had borrowed time with the £3bn. international standby credit at a cost of postponing taking decisions.

The massive loan was "not a sign of confidence but a sign of panic."

Mrs. Thatcher said the Government paid lip service to the mixed economy while nationalising out of dogma and trying to create a complete Socialist state.

The Aircraft and Shipbuilding Industries Bill was a total irrelevance to the needs of our society. The pharmaceutical industry, the banks, land and insurance companies were all under the threat of nationalisation—a recipe for the complete Iron Curtain state.

Looking straight at the

PM frowns on party games

By Philip Rawston

CHIDING Mrs. Margaret Thatcher like some indulgent uncle grown weary of party games, Mr. James Callaghan reduced the Tory censure to little more than an embarrassing display of pique.

Why had she dragged her friends back from further China? What had all the "lamour and elegance" been supposed to achieve?

The Prime Minister asked. To satisfy "an impatient and imperious vanity?" Surely not to force a general election, he quipped, almost choking at the thought. The Tory leader looked so concerned at his couch that Mr. Callaghan was reluctant to chastise her behaviour. "But I must, because I've got it written down."

Did the Conservatives really want to throw away the co-

Shepherd rejects 'hasty' changes

By John Hunt

A CONFIDENT prediction that the Government will introduce new cuts in public expenditure within months of the TUC accepting the 4½ per cent. wages policy was made in the Lords yesterday by Lord Thorneycroft, chairman of the Conservative Party.

Earlier in a debate on the economy, Lord Cromer, a former Governor of the Bank of England, made a strong attack on the high level of public sector borrowing requirement.

Another speaker, Lord Aldington, the Tory peer and a former chairman of the Conservative Party, who initiated the debate, also urged that cuts in public expenditure were urgently necessary.

But Lord Shepherd, Leader of the House, rejected demands for what he called "hasty, ill-con-

sidered changes" in policy on Government expenditure. He promised, however, that the Government would see that the planned total of public expenditure was not exceeded.

Lord Thorneycroft told the House that the Government was right to obtain £5bn. in credit to support sterling but pointed out this was only buying time. More urgent action was required and the TUC and the nation was entitled to know more about the prospects being put forward by the Government.

"I will guarantee that the Government is going to change their policies," he forecast. "Quite obviously the Government are going to cut expenditure before many months are out."

He thought it would be better to tell the TUC about this before its conference on the new wage deal on June 18. If the TUC made its decision on assumptions which were later proved false, then it would not be to the advantage of the Government or the nation.

Dramatic action was needed now, he argued. He saw no need for swingeing cuts in public expenditure but the Government could state an objective of making the proliferating social services more cost effective.

"We are spending too much and we are borrowing too much," he said. "We must stop planning to spend money on the scale we are now doing—money that we have not got."



MR. JAMES CALLAGHAN

Challenged Tories on attitude to unions.

Treasury bench, Mrs. Thatcher said that the red badge of Socialist courage was for the country the red badge of bankruptcy.

Mrs. Thatcher also accused the Government of devaluing Parliamentary institutions and being willing to abandon the rules of the House when it suited them.

She attacked the Government's pay policy agreement with the TUC. It was quite wrong that

legislation should be introduced because it was part of an agreement between the Government and the TUC.

We have the trappings of Parliamentary democracy but are in danger of losing the substance."

Mrs. Thatcher warned the Liberals: "If you wish to abstain rather than risk a general election in which you may do badly, any claim the Liberal Party has

without touching any sensitive spots.

Mrs. Thatcher went back as far as Clay Cross to begin her indictment of the Government's performance—devaluation of liberties, Parliament and the currency, she charged ever more limply.

Valiantly, if to little avail, Sir Geoffrey Howe pressed on from there. He showed rather more caution and less colour—being rewarded by Mr. Denis Healey with the nickname of "soggy Geoff."

The Chancellor, castigating the Tories for helping to sap the confidence in sterling, ended by humorously deflating their pretensions.

Mr. Nicholas Fairclough, Conservative MP for Kinross, appeared on cue in hilt and sporrans. "I suggest you join the other com'ers on the Opposition front bench," Mr. Healey invited him.

that it imposed an excessive burden in taxation, inflation and borrowing.

It was this vast borrowing and the high rate of interest that resulted which was inhibiting industrial investment. This colossal borrowing requirement was the touchstone of confidence at home and abroad.

Inflation will continue to stalk the land and to haunt the supermarket until we get these matters under control. There is no disguising the consequences of continuing debasement of our currency. We have just got to live within our means," he warned.

Lord Shepherd told peers that the Government recognised the importance of not pre-empting for additional public expenditure resources which were needed for the growth of manufacturing industry. Public expenditure was now expected to fall back to about 55 per cent. of GNP by 1979-80. Hasty cuts in public expenditure would have serious consequences for employment and would affect the poorest people.

Procedure ruling by Speaker

By Justin Long, Parliamentary Correspondent

COMPLAINTS against the Aircraft and Shipbuilding Industries Bill would only be able to petition against the nationalisation proposals at the bar of the House of Commons if the House itself voted in favour of such a course.

The Speaker, Mr. George Thomas, giving his ruling on the issue raised earlier this week by the Tory MP, said that if the House made no Order for petitions against the Bill to be treated in the exceptional way the Tory MP had suggested, they would "continue to lie upon the table in the same way as other petitions."

So Ministers could breathe again, because the ruling meant that the safety catch was still on the procedural bomb which could have blown the Government's legislative programme into humiliating confusion.

Giving his verdict, the Speaker said that the 19th century procedure Mr. Maxwell-Hyslop had urged should be adapted over the controversial nationalisation Bill was not appropriate.

The existing right to petition the House remained unaffected by his ruling, the Speaker indicated.



MRS. MARGARET THATCHER

Called on the Government to resign.

to be a party of principle is destroyed for ever more.

She called on the Prime Minister to quit and to offer the resignation of his entire Government. "It is time to end this policy of 'steady as she sinks'."

Mr. James Callaghan, Prime Minister, said the immediate objective was to overcome inflation. As a result of the Government's policy and the TUC agreement on wage restraint, it had been reduced.

He accepted that the present 18.9 per cent. inflation rate was too high "but it will decline throughout the rest of the year."

"It is our intention that by the end of 1977, if we continue with the policies with the TUC on pay which they are presenting to their conference next week and if the Government continue with their policies of fiscal and monetary control, we can bring down the rate of inflation comparable with our major competitors by the end of 1977."

This was the Government's "overriding objective." Their second objective was to make inroads on the unacceptable level of unemployment and "to reduce it by 1979 to 5 per cent."

Next came the need for an export-led growth "which is already happening," to ensure that this went with domestic expansion "now on the point of beginning."

This would mean having no excessive public expenditure demands next year.

Mr. Callaghan said the social contract had been subject to many sneers, yet it embraced the Government's policy of co-operation as opposed to confrontation.

Last year, fewer days had been lost due to strikes than in any year since 1968, and the first four months of this year showed a further halving of days lost compared to the similar period of 1975.

The social contract was an innovation in political life, but it had achieved remarkable success, and the Government intended, in due course, to reinforce it.

Mr. Callaghan said the TUC would approve measures that would halve the rate of inflation by the end of next year, even at the cost of hardship to many union members and increased grievances.

"That is their contribution. In return they ask that unemployment should be cut and such matters as housing, education and welfare should not be subject to mad panic cuts," he challenged the Opposition to say whether they would accept such an agreement with the unions if they were in office.

The stand-by credit announced the previous day was not a solution to the country's economic problems, but taken in conjunction with the Government's measures, it would be a "powerful reinforcement," he said.

LABOUR NEWS

Willis to make key pay congress speech

By Roy Rogers, Labour Correspondent

THE indisposition of Mr. Len Murray, TUC general secretary, means that his assistant Mr. Norman Willis will emerge from relative obscurity to give the key address at the special TUC congress on pay policy next week.

Yesterday's meeting of the TUC economic committee decided to follow the precedent set in the '60s when a then little-known Mr. Vic-nov Lord-Feather stepped out of the shadows when Mr. George Woodcock, like Mr. Murray, suffered a heart attack.

But Mr. Willis' task next week is hardly likely to be a baptism of fire as the 4½ per cent. Government-TUC pay pact is assured, such

support that, in the main, he will be preaching to the converted.

This landslide support for the £250 to £4 a week policy was underlined yesterday when two union conferences pledged a further 1.5m. votes taking the total committed in favour to about 8.5m. of the 10.5m. total.

With the Association of Scientific, Technical and Managerial Staffs the only major union set to oppose the policy next week, it appears that fewer than 500,000 votes will be cast against.

Almost unanimous support for the policy came from delegates of Britain's third largest union, the 850,000-strong Municipal and General Workers, meeting at Burnhamouth.

Only about four delegates voted against a special executive motion committing the union to supporting the pay strategy, after

Smoke and save jobs, says union

By Our Labour Staff

SHOKING is "real solace for the kind" of a leader of the Tobacco Workers' Union said yesterday. It also supported many thousands of jobs.

Mr. Archie Betts, president of the union, attacked the anti-smoking pressure group ASH which he said wanted eventually to stop people smoking altogether.

Speaking to the union's conference in Margate, Kent, he added: "When the Government gives these people money does it realise it is supporting people who want to destroy a whole industry—who want to do away with many thousands of jobs?"

"If 20m. people smoke cigarettes, they do so because they want to," he said. The way to deal with the health hazard argument was not to try and forbid smoking but to make cigarettes safer.

He accused the Health Education Council of scare-mongering in its advertising. The risks were generally exaggerated and the opposition overlooked the fact that "smoking affords very real benefits and solace for mankind," Mr. Betts said.

Senior doctors accepted

THE SENIOR DOCTORS' break-away group, the Hospital Consultants and Specialists' Association, has received its certificate as an independent union alongside the Junior Hospital Doctors' Association and the body from which both these unions sprang, the British Medical Association.

The non-TUC United Kingdom Association of Professional Engineers has also been granted a certificate, in spite of opposition from the Association of Scientific, Technical and Managerial Staffs.

No application for certification has been turned down so far. A variety of in-company staff associations, some of which could fall to meet the certification officer's criteria, are among the 77 applications still being considered.



Mr. Willis: relative obscurity.

a strong appeal from Mr. David Bassett, general secretary.

Mr. Bassett, one of the six TUC representatives who negotiated the new agreement with the Government, made it clear in his speech that although plans must be made for a return to free collective bargaining this cannot come overnight when phase two of the policy expires next year. He said that anyone who believed there could be an immediate return to free bargaining without "dire consequences" ignored the obvious.

General and Municipal Workers' support for the policy

Men and Matters Page 18

Leyland Cars begins bargaining reform

By Our Labour Correspondent

LEYLAND CARS management, increases and levels of overtime national union officials and shop shift and holiday pay centrally, stewards yesterday began the lengthy process of rationalising the collective bargaining system which at present embraces some 117 separate bargaining units.

At a meeting in Longbridge, Birmingham, a joint committee was set up to consider ways of bringing all manual workers within British Leyland's cars division onto common dates for negotiating pay—at present different groups negotiate at different times throughout the year and common fringe benefits like loss off sick pay.

In line with the recommendations of the Ryder Report, Leyland management hopes to be able to negotiate overall pay employees.

Meanwhile, a union committee representing 15,000 Swan Hunter staff and manual workers yesterday wrote to Mr. Michael Foot, Leader of the House, asking Jones, general secretary of the Transport and General Workers' Union, said yesterday.

Mr. Jones also urged the Government to press ahead with the Bill after a meeting of his union's executive council expressed strong concern at the successful procedural move by the Opposition to delay it.

His call for Harland and Wolff to be brought into the main scheme came a day after it emerged that at least three senior members of the British Shipbuilders organising committee have threatened to resign if the Government bows to pressure from Ulster Unionist MPs for its inclusion.

They fear the Government may accept the Ulster MPs' amendment to the Bill in order to win their votes for the whole lot. They argue that Harland and Wolff, already State-owned, is, however, a special case and that its inclusion could weaken British Shipbuilders' scope for action at other yards.

Press on with ships Bill, urges Jones

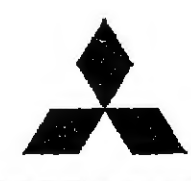
By Christian Tyler, Labour Staff

HARLAND and Wolff, the Belfast shipyard, should be included in the Bill to nationalise the shipbuilding and aircraft industries, Mr. Jack Jones, general secretary of the Transport and General Workers' Union, said yesterday.

Mr. Jones also urged the Government to press ahead with the Bill after a meeting of his union's executive council expressed strong concern at the successful procedural move by the Opposition to delay it.

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All these bonds having been sold, this announcement appears as a matter of record only.

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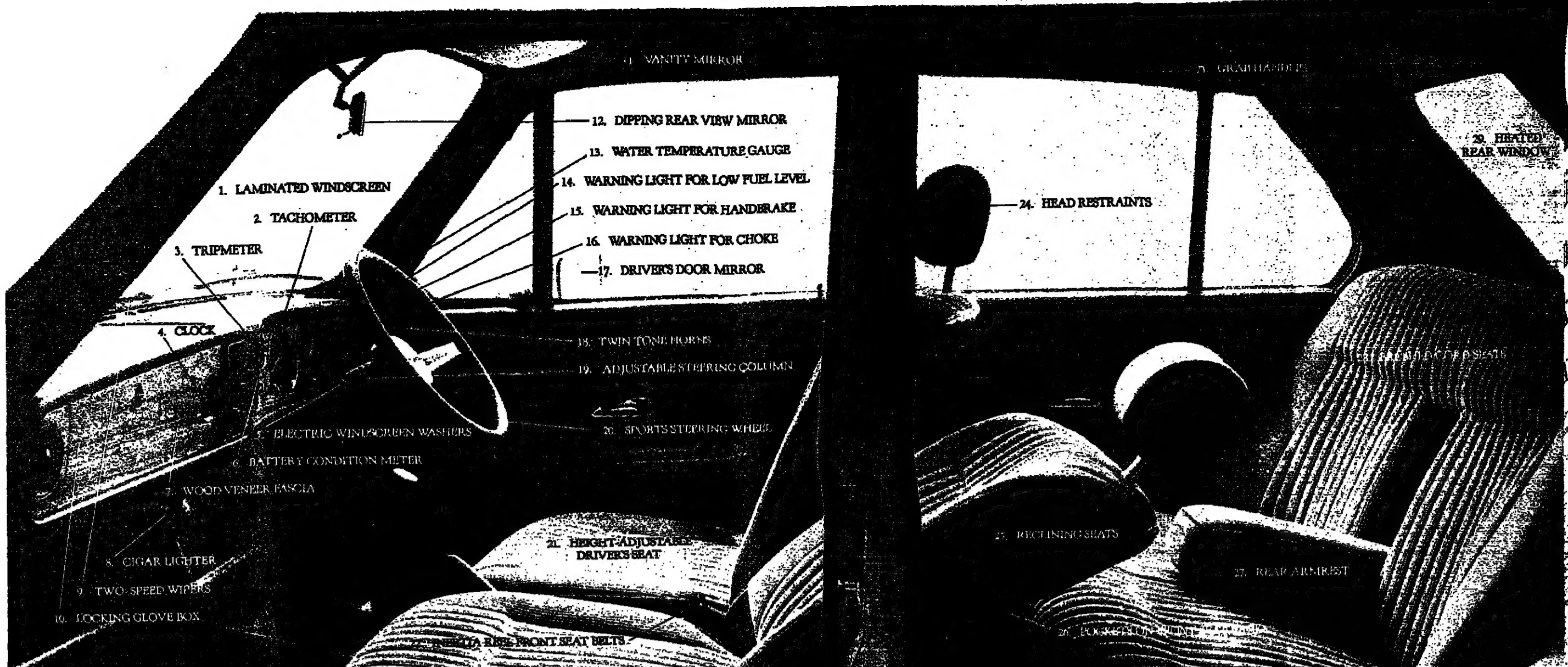
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One of the 35 'extras' in the Dolomite 1500 HL is just there to annoy you.

It's only a detail. Something called the Seat Belt Warning Light.

If you drive around without your seat belt on, this little red light will serve as a nagging reminder.

Which you may regard as an unforgivable encroachment on your personal liberty.

However, when seat belt wearing becomes legally obligatory—as it one day must—you may be grateful for our foresight.

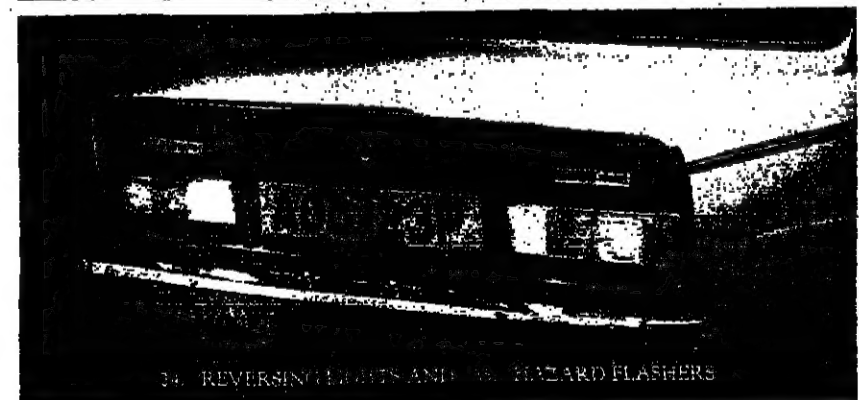
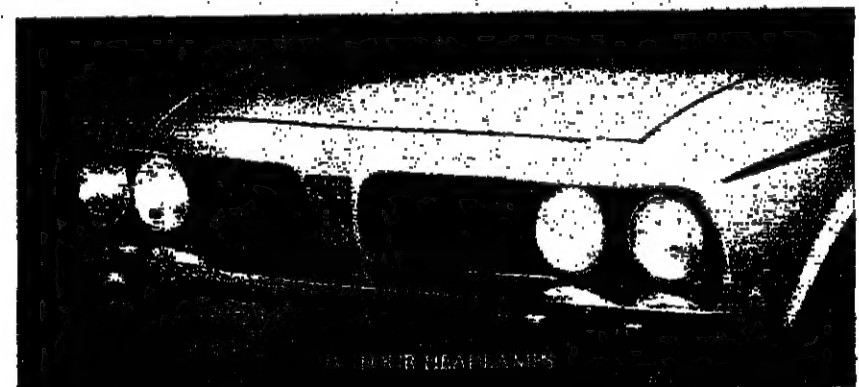
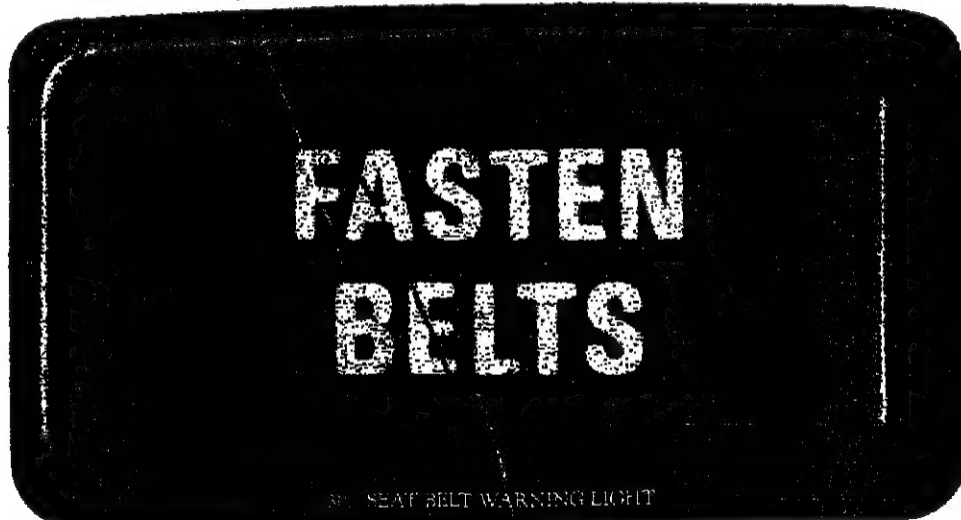
Because no matter how disturbing that red light on your dashboard might be, it's nowhere near as disturbing as that flashing blue light in your rear-view mirror.

The other 34 'extras' are not at all annoying. They range from an adjustable steering

column to a cigar lighter. From head restraints to twin carbs. Two-speed wipers, laminated windscreen, hazard flashers, tachometer, four headlamps. Plus 25 others that we could mention: 25 other features which maybe details in themselves, but because none of our competitors have chosen to offer them all, are probably worth listing here in full: driver's door mirror, electric windscreen washers, heated rear window, reversing lights, water temperature gauge, warning lights for handbrake, choke, and low fuel level, sports steering wheel, inertia reel front seat belts, tripmeter, dipping rear view mirror, vanity

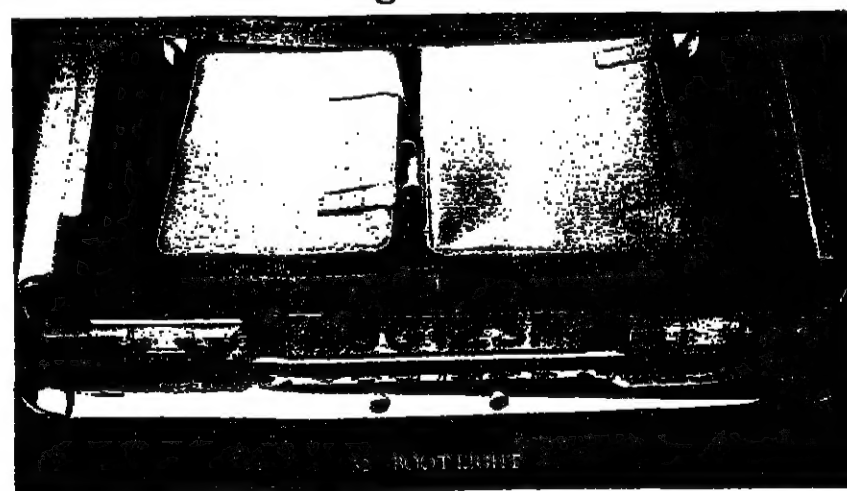
mirror, locking glove box, reclining seats, wood veneer fascia, boot light, battery condition

adjustable driver's seat, hard-wearing brushed cord seats and a clock.

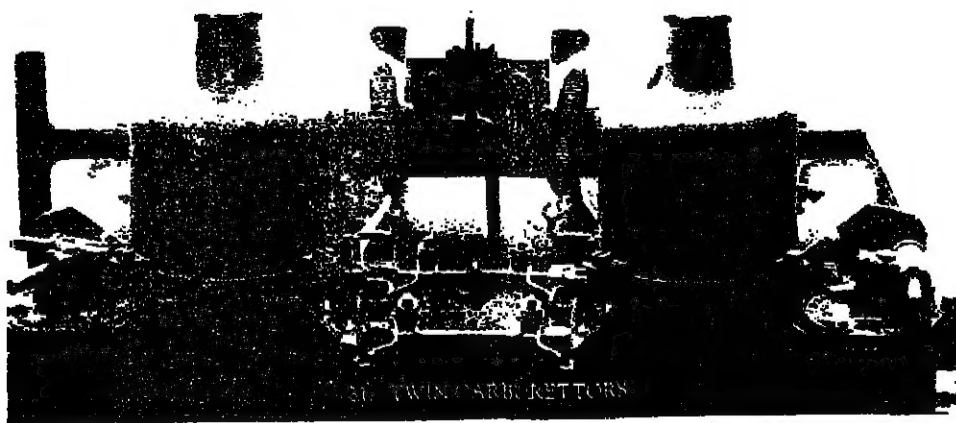


All of which may sound like details. But they're the kind of details which make the difference between a car you really enjoy driving and a car that just gets you from A to B.

And when you come to work it out, all of these apparent 'extras' add up to a safer and more comfortable style of motoring than just about any other car can offer at the same price.



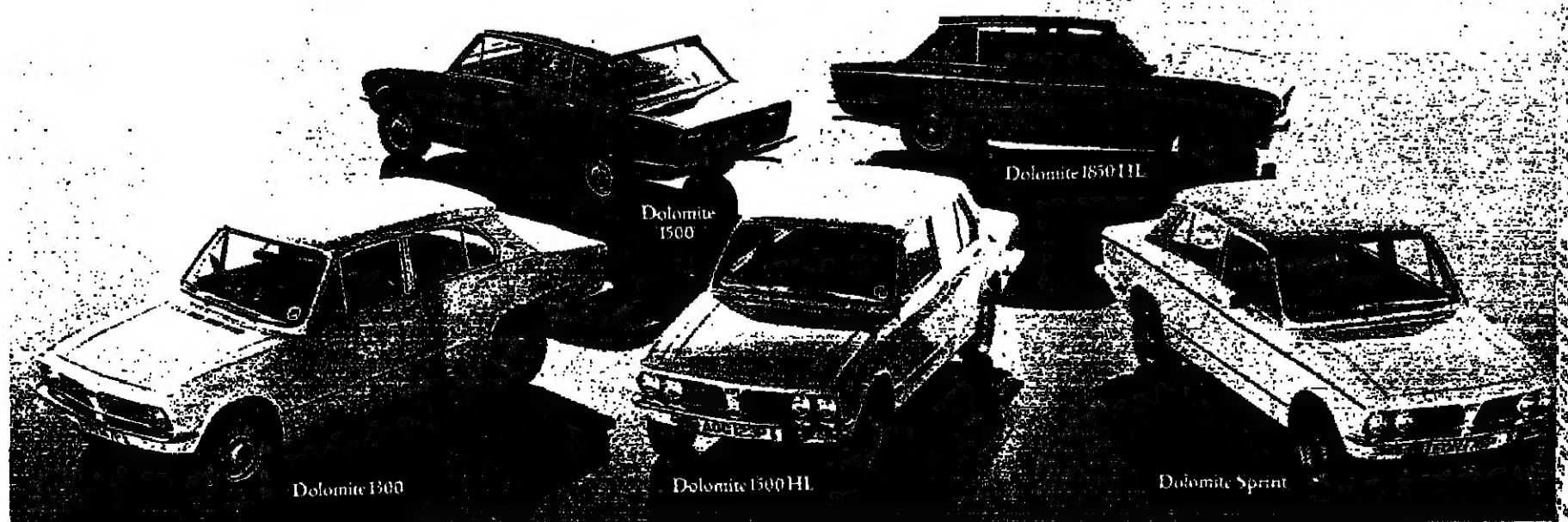
meter, twin tone horns, grab handles, pockets on front seat backs, rear centre armrest, height-



column to a cigar lighter. From head restraints to twin carbs.

Two-speed wipers, laminated windscreen, hazard flashers, tachometer, four headlamps.

Plus 25 others that we could mention: 25 other features which maybe details in themselves, but because none of our competitors



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مكتبة الأمل

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(HOLDINGS) LIMITED

"We remain at the forefront of corrosion technology"

Alex G. Cameron, Chairman

Results

Turnover increased during 1975 by 35% to a new record of £20.8m. Exports produced an increase of 82% to £7.5m. There was a commendable profit recovery in the second half of the year and the full year's result at £1.45m is only a little below last year's all-time record of £1.5m.

Dividend

Dividends total 2.95 pence per share, the maximum permitted. The return on capital employed is again in excess of 20%, a consistent record over the last ten years.

Balance Sheet

The Company has adequate working capital for its present commitments and considerable unused banking facilities available.

Trading

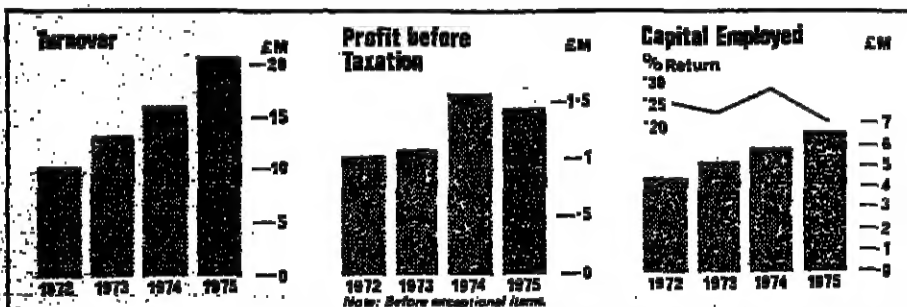
The output in volume and value from the manufacturing division was at an all-time record. The factories are being equipped with the latest machinery to increase productivity. The marine division had another record year in terms of sales, exports and trading profits. Exports from the industrial division in 1976 should be substantially higher than in 1975.

The Future

We face the future with confidence from a stronger financial base than ever before. It is the Company's intention to remain at the forefront of corrosion technology, and expand its worldwide operations, at the highest level of sustained growth possible.

Comparative Figures—£'000

	1975	1974
Turnover	20,839	15,462
Profit before tax and exceptional items	1,456	1,594
Profit after tax and exceptional items	581	670
Earnings per share	7.51p	8.87p
Dividend per share	2.95p	2.77p
Net assets per share	62.70p	61.36p



Addressing the Annual General Meeting held in Sunderland on the 9th June, the Chairman said: "Profits for the first four months of 1976 are in excess of £600,000"

Copies of the Report and Accounts can be obtained from The Secretary, Camrex House, Tatham Street, Sunderland.

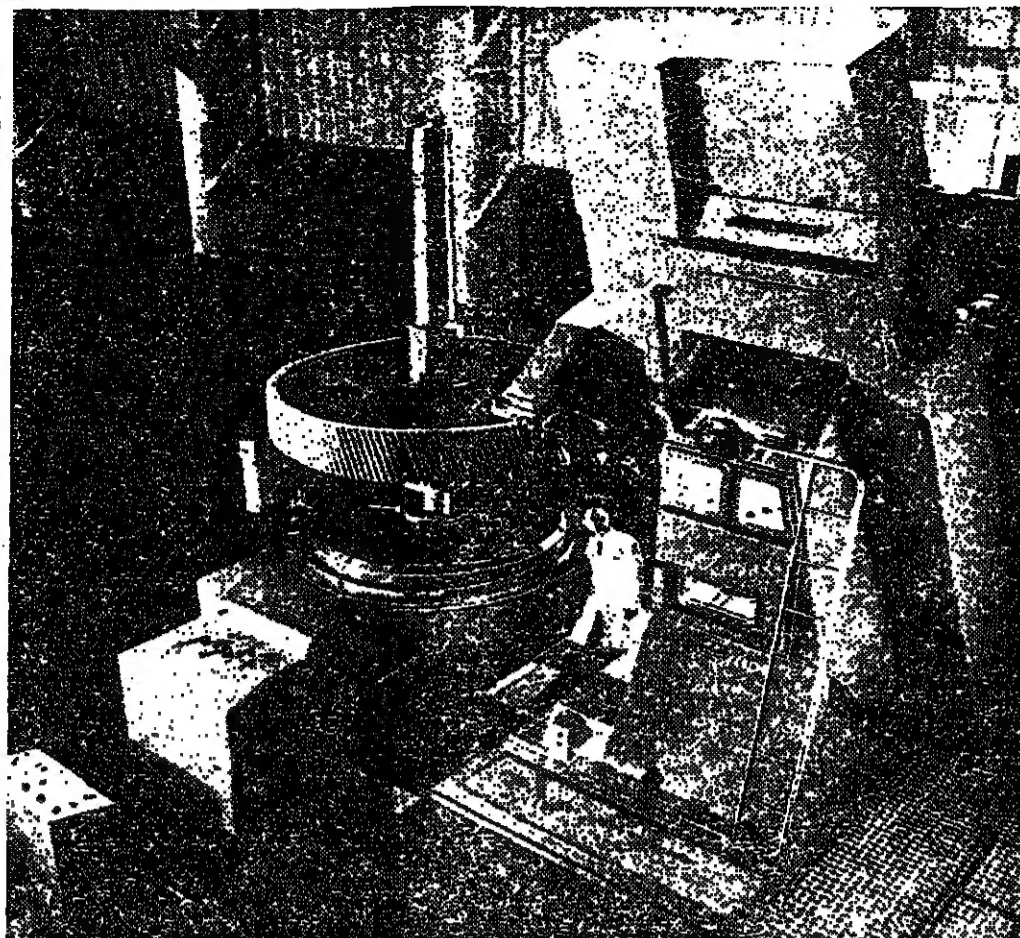
MANUFACTURERS OF SPECIALISED SURFACE COATINGS. WORLDWIDE CORROSION ENGINEERS AND CONTRACTORS.



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

METALWORKING



Huge gear-grinding machine.

LARGEST OF its kind in the world, this Maag HSS 460S precision heavy duty gear grinding machine, costing about £650,000, has been installed at Davy-Lowey's Dartmouth Works, Sheffield. Only two similar machines exist, one in Japan and the other at Maag Gear Wheel Co., in Switzerland, maker of the machine, which was supplied by Staveley Machine Tools. The installation enables Davy-Lowey to design to advanced concepts in gearing for heavy duty, coarse pitch applications. Recent developments in the rolling mill field have shown that to transmit the very high loads associated with modern technology, gearboxes using older manufacturing techniques became very large, heavy and difficult to handle. The best known method of reducing size is by using hardened gears which are capable of transmitting heavier loads related to their size. The hardening process causes distortion in the gear teeth necessitating a further finishing process to provide the high accuracy required. For this purpose, the Maag machine is capable of grinding large diameter gears up to 46 metres (150 inches) with face widths up to 1,100 mm (43 inches), pitches up to 40 module (depending on helix angle) and weights up to 50 tonnes. Work for the machine is clamped on an indexing table, axis vertical, and rotated. Two grinding heads are mounted on a common crossbar and these move, together with the machine column, at a tangent to the work. This allows a left-hand and right-hand tooth flank to be machined simultaneously—grinding accuracy is stated to be within BS 436 (1970) Grade 4. After each pair of tooth flanks have been machined, the machine column and grinder heads are returned to the start position at high speed, and the work is indexed by one tooth. The machine incorporates what is stated to be a unique ram stroke control system. This automatically adjusts the cut during grinding, because in the spiral form of helical gears the grinding wheels are not in contact over the whole tooth width at the start and end of each stroke.

DATA PROCESSING

Models by a program

IN COLLABORATION with G. Perry and Sons of Leicester, Mr. T. H. Gossling of the Wolfson Cambridge Industrial Unit has produced tapes using the DUCT program to cut the core model for

the volume of a small pump. Duct is a Wolfson program and a local NC tool was used.

This program was used to interpret an existing drawing, and resulted in a core model which was in some respects different from one produced by a pattern-maker in the traditional manner. The pattern-maker and Wolfson agreed that both interpretations of the drawing were correct, thus demonstrating the difficulty of defining three-dimensional objects uniquely on a drawing board with straight edge and compasses.

The experiment showed that the object could have been uniquely defined much more quickly had it been possible to start from the same basic data as the draftsman.

Wolfson Cambridge, 20, Trumpington Street, Cambridge CB2 1QA. 0223 64868.

Control of avionics stocks

SPL INTERNATIONAL has been given the job of a mini-computer based stock control system for the Ministry of Defence at No. 30 Maintenance Unit RAF, Sealand.

The contract is for the design and supply of a mini-computer system to undertake the stock control and work-in-progress monitoring of the repair and replacement of avionics equipment.

To be delivered in 13 months from award of the contract, the system will operate on an on-line real-time basis and will be developed by SPL International in its London premises using RTL/2—the high-level real-time language developed by ICI and marketed exclusively by SPL. SPL at 12-14 Windmill Street, London W1P 1HF. 01-636 7333.

INSTRUMENTS

Counts the microwave pulses

FULLY automatic frequency measurement of pulsed microwave signals is provided by the model 451 counter introduced into the U.K. by Dana Electronics, Collingdon Street, Luton, Beds. (0582 24330).

Range covered is from 0.3 to 18 GHz with pulse widths as narrow as 100 nanoseconds and there is no requirement for external gating or manual tuning. An alternative previously used pulse measurement techniques such as the cavity wave-meter and transfer oscillator, the 451 eliminates the need for auxiliary equipment and highly skilled operators. The measurement is accomplished by merely connecting the input and reading the frequency on a direct reading seven digit LED display. Continuous wave and also frequency modulated c.w. can be dealt with, and no manual switching is needed to distinguish between c.w. or pulsed inputs.

COMMUNICATION

Keeps ships in constant contact

THE FIRST British commercial shipborne satellite communication terminal has made its debut at Communications '76 in Brighton. Designed and built by Marconi Communication Systems for installation in merchant ships, the Arion terminal will work into the U.S. Marisat satellite communication system. It is also to be adaptable to meet the specifications for the Marisat system when these are finalised by European users.

The terminal provides high quality full duplex telephony and telex. It is also capable of carrying facsimile and data up to 4,800 bits per second two-way. Continuous 24-hour-per-day unattended watch is maintained on the satellite calling frequency, and the terminal, when the ship is individually addressed, automatically responds and receives telex messages. It similarly responds and sounds an alerting signal on board when the ship is addressed with telephone traffic.

In the reverse direction, calling from the ship is by a simple operation identifying the satellite shore station required and type of traffic.

The overall satellite system provides also for distress alerting, for search and rescue control, and for broadcast, multi-destination messages to, for example, a selected fleet or a selected ocean area.

Operation is effectively unattended, after providing connection to international telephone and telex networks compatible to that which would be provided by cables.

Further from Marconi on Chelmsford 53231.

Simplifies presentation

BOTH THE picture and sound are contained in a single cassette system developed by the Fairchild Camera and Instrument Corp., in collaboration with Gordon Audio Visual, 25 Market Place, Oxford Circus, London W1N 1PF (01-580 9694), a Gresham Group company.

Known as the Synchronomatic 110 System, it uses an inexpensive (£240) cassette called the Synchro-Pak, which contains Eastman Kodak 16mm film strip in the upper area, and a standard C60 audio tape cassette in the lower part. This provides a "closed system" eliminating film handling or threading and maintaining perfect synchronisation at all times, says the company.

Synchronisation between sound and picture is achieved by using an eight-bit binary optical code printed between the picture frames, which when compared with a coded signal on the sound tape provides synchronised film-strip advance and reverse.

A feature of the system is its ability to stimulate animation by rapid frame advance rate of up to three frames/second. The Synchro-Pak can carry from ten to 200 frames, and any required frame can be immediately located (tape search is ten times play speed).

Two projectors are available for the system, the 210 portable and the 410 console. Weighing only 12 lb., the portable costs £275, and the console £290. Both have a back projection daylight viewing screen, or can be used for front projection on to a large screen. Both also have an auto-matic stop—this means the strip can be programmed to stop at any point, then has to be re-started manually.

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COMPONENTS

Full circle rotary actuator

DESIGNED FOR pneumatic or hydraulic power and capable of working on pressures ranging from 50 to 5,000 psi, a range of rotary actuators has been developed by Ferenc, PO Box 24, Glenearn Road, Perth, PE2 0NN, (0738 28121).

Main feature of the actuators is that they can be rotated a full 360 degrees, compared with the usual 270 degrees. They need no pressure protection and the torque output is related to the line pressure—torque values are stated to be far in excess of vane type actuators of similar size.

Designers working with low pressure systems can exploit the high torque characteristics of the actuator by incorporating a pressure intensifier with an output volume equal to that of the actuator. A typical actuator measuring about 3 inches diameter and 6 inches long would produce about 500 lb in torque at about 3,000 psi.

Three new heavy duty gearboxes

LATEST ADDITION to the products of the transmission division of Newage Engineers, Barlow Road, Coventry, are three constant mesh, heavy duty gearboxes for on-road construction site vehicles.

For use in dumper trucks, cross-country fork lifts, tar sprayers, grit spreaders, asphalt pavers, winches, drill rigs and similar applications, the three units are the 30TR (4 forward, 1 reverse); 29TR (3 forward, 3 reverse); and the 40TR (3 forward, 1 reverse).

Used with a transfer box and/or reduction box, there is a wide choice of ratios, stated to be suitable for the majority of construction vehicles with engines up to 30 bhp. With maximum input torque of 70 lb.ft. and maximum input speed of 3,000 rpm, the units can be used with engines such as the Lister ST3 or Pette P32.

Long life for LEDs

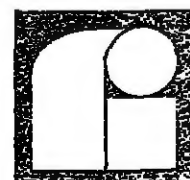
TWO NEW series of LED dot matrix numeric/hexadecimal displays are hermetically sealed for high reliability. Both series provide a 7.4 mm (0.29 inch) character height and contain on-board integrated circuit decoder/drivers. Added to the Hewlett-Packard 5083-7300 series, these displays use a ceramic package with a glass window.

Three models are intended for the industrial user who requires the degree of reliability offered by ceramic packages, but not the full capabilities of devices designed for military or space applications.

Three models are for requirements of military, satellite and spacecraft applications, and for industrial users demanding the ultimate in reliability.

Hewlett-Packard at King Street Lane, Wokingham, Wokingham, Berks. Wokingham 784774.

This announcement appears as a matter of record only.



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May, 1976

New idea? NRDC can halve the financial burden.

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NRDC For the finance a good idea deserves

FINANCIAL TIMES SURVEY

Thursday June 10 1976

FINLAND

Since acting as host to the European Security Conference last year, attention in Finland has shifted away from foreign policy towards domestic affairs. The coalition Government is trying to deal with strikes, inflation and rising unemployment, and its survival is in doubt.

Trouble on the home front

By William Dullforce
Nordic Correspondent

OVER THE past ten months the Finns' usual preoccupation with foreign policy has been completely overshadowed by the turmoil in their domestic politics and economy. Relations with the Soviet Union, the kingpin round which Finnish policy has revolved since World War II, have been smooth and free from alarms. By contrast a series of strikes, involving the police, seamen, harbour workers and food industry workers, earlier this year highlighted the internal political tension. This tension stems in large measure from the inability of the broad coalition Government, presided over by President Urho Kekkonen, to deal with a rather precarious economic situation. His persistence in keeping the present cabinet in office may even be eroding Mr. Kekkonen's hitherto unassailable position as Finland's "permanent" President.

Finnish foreign policy which has been run almost exclusively by Mr. Kekkonen for the past

20 years, experienced a unique moment of fulfilment when the final declaration of the European Security and Co-operation Conference (CSC) was signed in Helsinki last July. The Finns' satisfaction derived only partly from the prestige of having an act of such potential significance performed in their capital by the leaders of 35 nations, including the U.S. and the Soviet Union. Much more important for them was that the steps towards détente in Europe embedded in the declaration confirmed and strengthened Finland's independence.

Significantly, much less has been written and said in Western media since the conference about Russian influence over Finland. The word "Finlandisation" has fallen into disuse at least temporarily. Within the context of the European Security Conference Finland belongs to the "neutral" bloc together with Sweden, Austria and Switzerland, and the Finns have taken the lead in keeping co-operation among the four alive. At a meeting in Helsinki in April officials from the four countries agreed to joint tactics during the preparatory phase of the follow-up CSC conference to be held in Belgrade next year.

Playing an active role in collaboration with the other neutral countries within the European Security Conference and also in efforts inside the United Nations to define and bring into existence so-called nuclear-free zones has helped the Finns to free themselves of the Soviet-client role imputed to them not infrequently in the west, to their great irritation.

Detente has for the time being had the effect of moving the area of current security tension in northern Europe further to the north, away from Finland to north Norwegian waters. The result is a palpable relaxation among Finnish diplomats.

The reality of the relationship with the Soviet Union has not changed, however. The defence and security clauses in the co-operation and friendship treaty between the two countries remain, which is why independent Finland has as big a vested interest in European détente as any other country. The trade links with the Soviet Union remain essential to the economy.

Finland imports the bulk of its oil supplies from the Soviet Union. The deficit on the Soviet trade which developed after the Russians had increased prices in the wake of the 1973 oil crisis has now been eliminated. The oil price increase did have the effect, though, of returning the Soviet Union to the position of Finland's chief trading partner—before Britain and West Germany—while the recession in Europe has re-emphasised the importance of the Soviet market for some key Finnish exports, particularly ships and engineering products.

Problem

The main current problem in relations with Moscow in fact concerns economic co-operation. When President Kekkonen pays his annual visit to Moscow later this month, his main priority will be to persuade the Russians to go ahead with the Kostamus iron ore project,

involving the construction of mining, processing and communication systems and of a township, for which Finnish construction companies badly want the contracts. The ore will be exported in pellet form to the Finnish steelworks at Rautaruukki.

Cost inflation in Finland has been so steep over the last two years, however, that the prices offered by the Finnish companies are well above the Russian estimates. It is, therefore, far from certain that the Russians will want to go ahead with what may well be a marginal project for them in their overall economic planning.

The Kostamus project involves hard-headed economics rather than foreign policy. Whatever the effect on Finnish employment of the abandonment of the project, it would not detract from the real and acknowledged success of President Kekkonen in preserving Finnish interests over the past 20 years through his consistent policy towards the Soviet Union and his efforts to promote détente in Europe. His recent performance in domestic politics, on the other hand, has aroused much private dissatisfaction and grumbling among Finnish parliamentarians, even if public criticism has been very muted.

After the general election last year had produced a parliament divided among ten groupings, Mr. Kekkonen used his dominating influence to bring about a broad coalition Government, based on the Social Democrats, Centre Party and Communists, with three small Centre parties providing some counterbalance to left-wing influence. The

Premier was a semi-retired Centre Party politician, Mr. Martti Miettunen.

The coalition meant the return of the Communists to the Government. They are divided into a majority faction under the party Chairman, Mr. Aarne Saarinen, which agreed to join the cabinet, and a minority under Mr. Taisto Sinisalo, which opposed participation in the coalition and has continued to vote against the Government in parliament.

The Sinisalo Communists believe the President's insistence on Communist representation in the cabinet was intended to bring about a final split within the party, a view voiced by other Finnish politicians as well. Mr. Kekkonen was more obviously motivated by the belief that a broad coalition was needed to deal with the rapidly deteriorating economic situation and to ward off the danger of serious unemployment. The inclusion of the Communists and their association with Government measures would also prevent them from mobilising trade union opposition.

The economy, described elsewhere in this Survey, called for decisive government. A 1975 payments deficit of Fmk. 2.8bn. (£1.15bn.) was expected to be followed by another of Fmk. 6.8bn. this year, with the foreign debt approaching 25 per cent. of GDP. A rate of inflation much higher than in Finland's neighbours had produced an increase of some 48 per cent. in two years in the private sector's payroll bill, seriously undermining the competitive position of the export companies, already suffering

from a prolonged market decline. The Finns had been living beyond their means and, in particular, a brake on public expenditure was badly needed.

The President's broad coalition concept has not in fact worked. The inclusion of the Communists has inhibited the Government from undertaking any real fiscal retrenchment. The Social Democrats, who remain the largest party in the 200-member parliament, with 54 seats but who lost two in the last year's election against gains of three for the Communists (49 seats), and four for the Centre Party (39), have been anxious not to be out-manoeuvred by the Communists in the contest for union members' votes. A general incomes policy settlement reached in February was posited on an unrealistic promise to keep inflation down to 5 per cent. over the next 12 months and provides for a review of wage rates this autumn. If the inflation rate is larger—as it will be.

Serious

The situation, though serious enough, is not entirely hopeless thanks to the role played by the Bank of Finland. Where other countries have debated the respective value of monetary and fiscal policies in combating the recession and have usually adopted a mixture, Finland has by default been tackling it almost entirely by monetary measures. The Bank has maintained a very tight monetary policy, unusual in Finland, and has carefully channelled credit in what amounts to an employ-

ment policy of its own.

The Governor, Mr. Mauno Koivisto, a former Social Democrat Prime Minister, has for the last nine months been the most effective influence on economic policy. A shy, almost academic personality in private, he develops lion-like characteristics in public statements. In recent weeks he has castigated the Government for its failure to cut spending, the employers for encouraging wage drift by sappiness in face of strikes, and union pressure and the Trade Union Confederation for not exercising control on its members.

The prominent role played by the bank has underlined the relative ineptitude of the Government. Its persistent failure to agree on economic measures has meant that Finland has been drifting steadily towards the devaluation of the Finnmark, which the bank has fought to prevent and which even the major export companies, many of whom carry a high proportion of foreign debt, would like to avoid. The question now is whether the recovery on the West European export market, anticipated later this year, will be strong enough to make up for Government procrastination and save the Finnmark.

The coalition's difficulties have received little sympathy from the President. Last month Mr. Miettunen handed in his resignation when the Communists refused to accept a 2 per cent. increase in the sales tax needed to finance a supplementary budget. Mr. waz. Yet all the major parties refused to accept the resignation, insisting that the

BASIC STATISTICS	
Area	130,129 sq. miles.
Population	4.71m.
GNP (1974)	Fmk. 81.9bn.
Per capita	Fmk. 17,498
Trade (1975)	
Imports	Fmk. 25.7bn.
Exports	Fmk. 20.2bn.
Imports from U.K.	£264m.
Exports to U.K.	£400m.
Currency	Markka 100 = Fmk. 6.56

coalition continue, with the Communists being allowed to vote against the sales tax in Parliament. The Cabinet finally agreed on its budget after its smaller partners had been allowed to vote against other measures worked out in a compromise between the Social Democrats and the Centre Party. It is likely to survive through the summer.

Mr. Kekkonen, now in his 76th year, has once more demonstrated his complete dominance of the Finnish political scene. His automatic act in ordering a crippled Government to continue in office has, however, evoked the first faint rumblings of mutiny. The point has been reached in Finnish politics where it is difficult for party leaders to act decisively or to work for genuine understanding across party lines, because they are so overshadowed by the President and know that in the final analysis he will have his supplementary budget. Mr. waz. Yet all the major parties refused to accept the resignation, insisting that the

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tion between customer and paper mill. Its first user was an English newspaper looking for a lighter-weight newsprint for its air mail edition. As a result, numerous lightweight qualities are now available in white and several tinted grades for many purposes: newspapers, catalogues, telephone directories and so on. To ensure continuous

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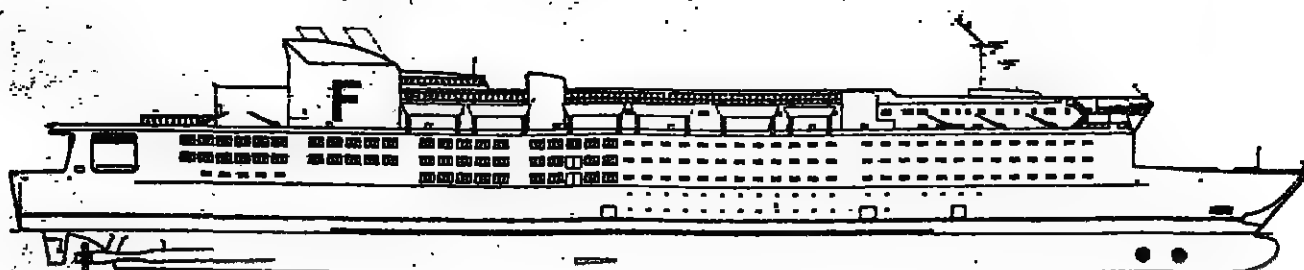
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In spring 1977, a gas-turbine passenger ferry will be delivered to Enso-Gutzeit Oy by the Wärtsilä Helsinki Shipyard.

Finnlines, the managing owners, will put her into year-round service between Helsinki and Travemünde.

Finnjet will make the journey in 22 hours – almost half the time required at present. Thanks to her 75 000 hp gas-turbine machinery, she will have a speed of 30.5 knots.

This luxurious, hotel-type vessel will measure 213 metres in length and provide cabin accommodation for over 1500 passengers. The car deck will take 63 long-distance lorries at a time, or, for instance, 30 lorries and 220 private cars. Finnjet is the result of joint planning by Finnlines and the Wärtsilä Helsinki Shipyard. We feel that she may make shipbuilding history; nobody has ever built anything quite like this before.

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Exposed economy loses its way

THE FINNISH economy is about to crawl out of an 18-month depression, the worst it has experienced since World War II. Trade figures for the first quarter indicate that exports, increased by 1.9 per cent compared with the last quarter of 1975, the first increase in nearly two years. The unemployment rate has decreased somewhat. The trade deficit at the end of April was Fmk1.1bn. (£130m.), smaller than it was a year ago. But the upward movement is painfully slow.

The reasons for the setback can be divided into two groups: external, more or less beyond Finnish control, and internal, of Finland's own making or lack of resolute action.

It is already a truism to say that the Finnish economy is more sensitive than that of many Western developed countries to international cyclical fluctuations. The statistics are simple. Nearly every fourth Finnmark of the national income derives from export earnings. The same sum—recently more—is spent on imports. Machinery and equipment account for one-third of fixed capital formation and more than a half of this is imported. All liquid and solid fuels, wood and peat excepted, must be imported. No wonder that the prospects for exports and the prices of both exports and imports influence the national economy so strongly.

Borrowing

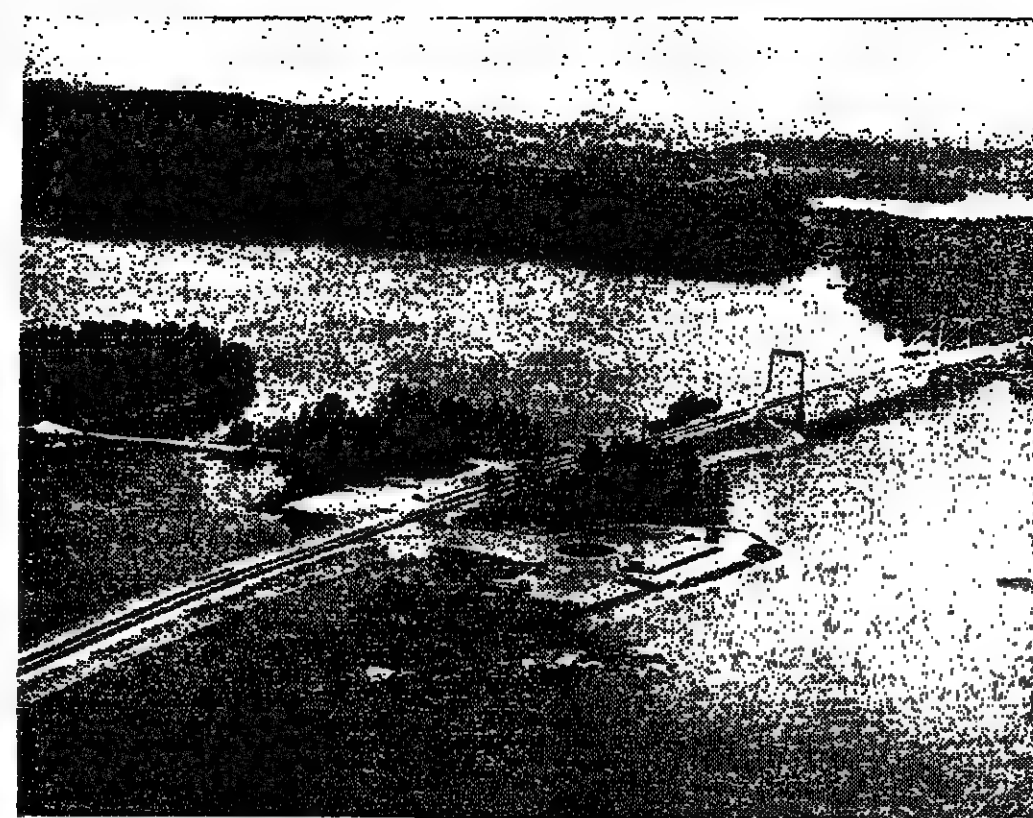
The investment ratio is high, and in a country which is chronically short of capital in relation to need this means borrowing abroad. It is the only way to create the additional production capacity required to earn the foreign exchange needed to sustain growth and the high standard of living.

Some critical observers are now asking, however, whether all the investments made have been strictly necessary.

These factors help to explain the three main problems facing the Finnish economy. They are a huge current account deficit and net foreign debt, a higher rate of inflation than in most of Finland's competitor countries, and fairly serious unemployment.

The soaring price of oil was, of course, the main cause of the first problem and a strong contributor to the second, while growing unemployment followed from the slump in export demand owing to the global depression.

But the collapse in 1975 cannot be blamed entirely on external causes. When most Western economies went into a crisis, Finland was enjoying a boom, largely because of the upsurge in the price of paper and related products, but also because of the final spurt of a 3-year investment spurge. This would jeopardise this condition, yet the unions again demanded



Finland is a country of lakes and forests; the absence of large-scale fuel resources, other than wood and peat, has left the economy at the mercy of international cyclical movements.

is a peculiar feature of the Finnish economy, already well known. But repeated warnings of the trouble to come were ignored or not believed. When the paper market collapsed at the end of 1974, the truth had to be faced. From then on, there was a good deal that those responsible for Finnish economic policy could have done, but conspicuously failed to do.

If the party politicians can be likened to Nero, the Bank of Finland must rate with Canute. For two years it has used virtually the only means at its disposal, tight monetary policy, to stem the tide. But without fiscal backing the task was hopeless. At the end of 1975, the deficit on current account was Fmk5.7bn. (over £1bn. at the December 1975 exchange rate), the net foreign debt was Fmk2.1bn. (£2.6bn.), one-fifth of the GDP. Inflation was running for the second year in succession at an annual clip of 18 per cent, and unemployment was rising steeply.

By the beginning of 1976, import prices showed some signs of stabilisation, reports from Western market economies confirmed the start of a new upswing, and Finnish industry had plenty of capacity to ride the wave when it broke. But this presupposed that its prices were internationally competitive. The cost level in Finland rose in 1973-1975 by 38 per cent, versus an average of 25 per cent in its competitor countries. A fourth year of high, double-digit inflation would jeopardise this condition. Yet the unions again demanded

and won an inflationary wage settlement. With fringe benefits and wage drift it amounts to an increase of some 13 per cent in earnings this year. The prediction for inflation is 12 per cent. It is estimated that the international competitiveness of Finnish industry has now decreased by one-fifth since the last devaluation of the Finnmark in 1967.

Inflation is well within the power of Finnish control—assuming that import prices of oil and raw materials do not take a sudden leap upwards again. A 12 per cent improvement on 18 per cent, but it is still too high. This is despite a total price freeze since January and strict price controls to follow when it is lifted on June 30.

Alarm

Three Governments, one premature general election, two incomes policy agreements, half a dozen "paper programmes" and 18 months since the alarm siren sounded at the beginning of 1975, Finland has at last produced a prescription for balancing public expenditure and listed the principles that will be applied in balance the 1977 budget bill. The result is not impressive. It is a series of nibbles rather than a couple of good bites. But the Government has no teeth. Many of its proposed tax, excise and charge increases will push the consumer price index up, adding to inflation. Most of the tax increases will add to the tight operating capital problems of industry. What

is more, the "principles" include a review of corporate depreciation and inventory valuation allowances which sounds ominous.

The Government's aim is to reduce the current account deficit to Fmk5.5bn. by the end of this year, and Fmk3bn. in 1981. This requires a sharp brake on the growth of public spending, public investment, and holding the increase in consumption down to 2.5 per cent a year. Unless inflation can be reduced dramatically and soon, these targets seem improbable. Much will depend on what happens in September when the employers and unions meet to review the situation. The cost-push effect of wages in 1974 and 1975 was 10 and 13 per cent, respectively versus a net import prices minus export prices "imported" effect of 2 and minus 1 per cent. The outlook is not promising, for the existing collective bargaining machinery is in danger of total breakdown.

Finland has been living beyond its means for too long on borrowed money. Public sector extravagance has been financed by inflated tax revenue. Both these sources of income are now drying up. Satisfying though it may be to boast of an average growth rate of around 5 per cent for the past 15 years (excluding 1975 when it was zero), the time has come to lower sights and consolidate the impressive gains already made. The conditions exist, all that must be found is the will.

Lance Keyworth
Helsinki Correspondent

Small exporters leave less to chance

THE RAPALA family lives in Väskys, one of the most beautiful places in Finland, about 160 miles north of Helsinki. Some years ago, the Rapalas designed a fishing lure and turned it into a modest business. It was a cottage industry. The Rapala brothers made the lures in spare rooms in their wooden houses. One of their lures appeared in the Middle West of America, the area where most Finnish emigrants settled, and the anglers who used them seemed to win all the competitions.

A famous American magazine sent a photographer to Väskys and ran a colour story on the family and their hand-made, hand-tested lures. Within weeks the demand for their product was overwhelming. To-day, their annual turnover is Fmk57m. (about £1m.) and 95 per cent of their production is exported.

Rapala-Ustin, the family company, is often held up as an example of the small exporters of Finland, the individuals and families who have developed a special product or innovation of high quality, own company, Design Karen enterprise, and proved competitive and reliable. Of course, there is often an element of luck as well, and sometimes the existence of a good agent to market the wares.

With the Finnish trade deficit running at close to £1bn., it may be that a few dozen small exporters who measure their foreign currency earnings in five or six figure sums are not very dramatic. But their trade is usually steady, and apart from that they help to create a Finnish image of tenacity, industriousness, good design and inventiveness.

Some of the companies have grown so fast that they have already moved into the big or at least middle league. One of these is the VS-Group of three limited partnerships founded by a Finnish engineer, Mr. Seppo Hautala.

The first was established in 1969 and is already the largest contractor in Finland in the field of water treatment. The group does considerable business with the Middle East and North Africa. Turnkey contracting accounts for about 50 per cent of its turnover. The most recent contract won, worth Fmk5.6m. (about £85m.), is for three fully-equipped boarding institutes, each for 500 students, in Libya.

Family

Mrs. Kaarina Hellema is a designer who works only in leather and has done a lot of work for Friitola Oy. A few years ago, she established her own company, Design Karen enterprise, which employs a small team of designers. It started in the export business about five years ago. Now Mrs. Hellema is travelling about six months of the year, and her airports of call girdle the globe, from Korea to Australia to North America. On short hops she pilots her own plane. "I call myself a leather doctor," she says. "I'm often called in to diagnose what's

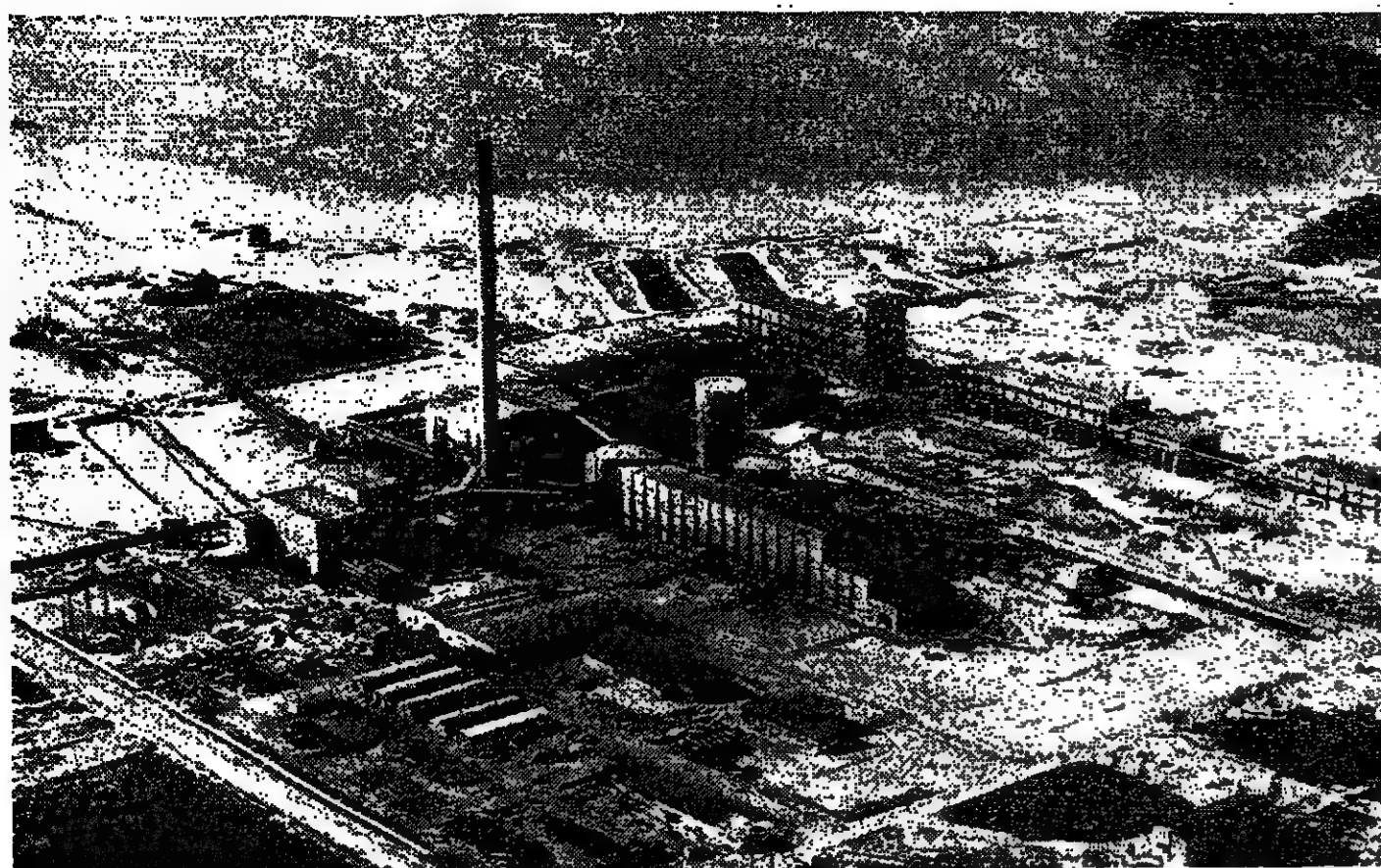
gone wrong. Colour consulting is one of my specialties."

Mega-Quote Oy is a small company founded by a Finnish research engineer that makes sails, variously described as clip-on or outboard sails. Mr. Antero Katainen had the bright idea four years ago of putting all the apparatus of sailing behind the boat, like an outboard motor. He invented a small kit comprising the sail, spars, a bracket, rudder and tiller. The package weighs 25 pounds. The unit can be clipped on to practically any dinghy, which thereupon becomes a yacht. The price in Finland to-day is about Fmk1,000 (roughly £140). Publicity in the foreign Press has brought increasing inquiries from abroad in the past year. Mega-Quote has already exported around 300 units. The factory will shortly be moved into larger premises.

The exhibitors pay Fmk120 per square metre per month (about £14), and the Government provides the same sum. The minimum exhibition term is six months. The permanent exhibition is given wide exposure through Finnish missions overseas, on Finnair planes, in travel bureaux and through advertisements in foreign trade journals. The idea is to attract even casual foreign buyers to drop in and see what there is for sale. It works, too, for some 60 foreign buyers have called on Finnhand Expo since March this year, one a day on

CONTINUED ON NEXT PAGE

FINLAND III



The Kokkola works of Outokumpu Oy.

Russian market still vital for metals

THE FINNISH metal and engineering industry is a post-war child which has grown up fast. It is now the largest employer, has the highest added value of all sectors of Finnish industry and has increased its share of total Finnish exports from 14 per cent. in 1958 to 32 per cent. last year. Its major successes have been in shipbuilding, non-ferrous metal processing, the development of forestry and paper-making machinery and, more recently, in hoisting equipment and electrical engineering.

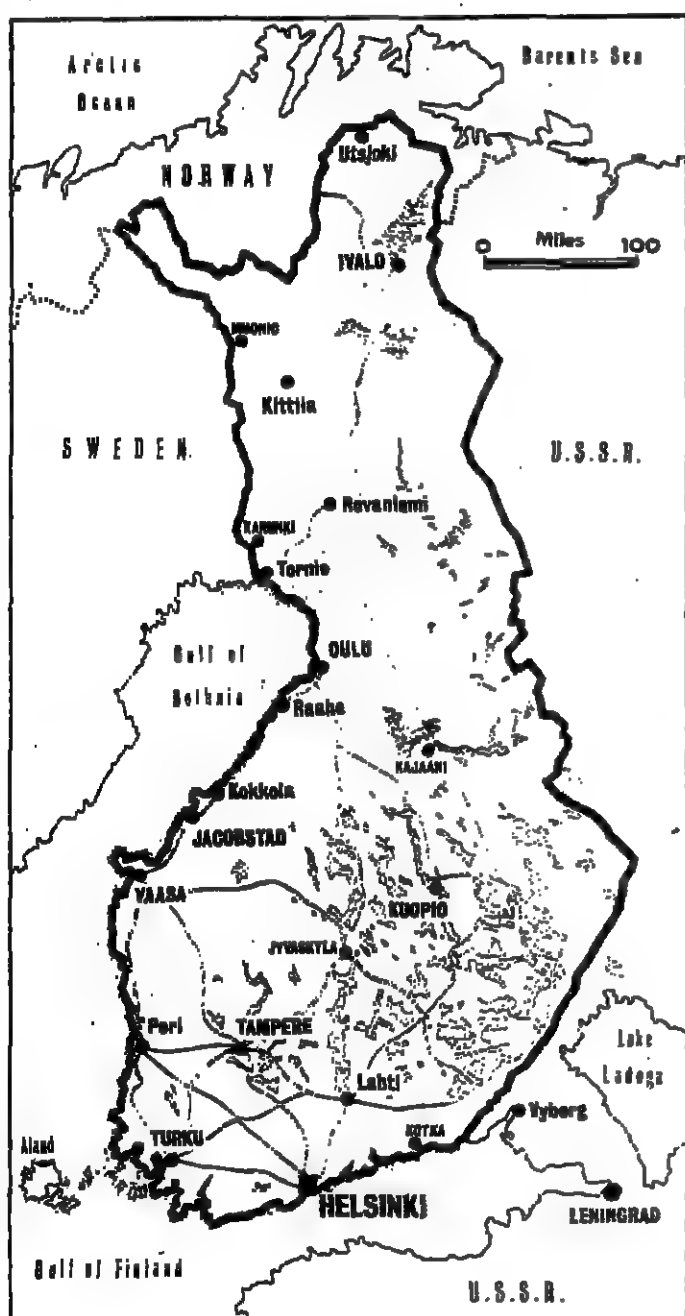
It has its problems, the most chronic of which have been a low profit level and a lack of capital, which may explain why it has a larger state participation—close to 20 per cent—than, for example, the pulp and paper industry. It anticipates even closer state involvement. Currently, it is suffering from a two-year bout of wage inflation, which has seen wage costs rise by 45 per cent.

This is serious because it is eroding the labour cost advantage enjoyed by its exports. Although the metal industry's payroll costs have not yet reached the level of its Scandinavian neighbours, they are well ahead of British, French and Italian competitors, which explains in part why the chief pressure for a devaluation of the Finnish mark is likely to come from this industry.

Exports

With only some 40 per cent. of its production going to export the metal and engineering industry is more home-oriented than the pulp and paper mills. Exports last year totalled Fmk. 8,550n. (£826m.), of which Fmk. 3,500n. went to the two main customers, Sweden and the Soviet Union. The industry has yet to make its mark on the EEC market, which took only 18.3 per cent. of its exports compared with the 38.1 per cent. which went to the EFTA group and the 28.1 per cent. to the Comecon countries.

From July next year, however, it will have tariff-free access to the EEC, a prospect which is particularly gladdening to the forestry and paper machine producers, who see openings for their products in the European re-afforestation programmes, where the equipment now being used is primitive by Finnish standards. The restructuring of some antiquated European



paper mills could also lead to orders not only for paper machines but also for the ancillary equipment provided by the electrical engineering companies.

Although many companies worked at only 70 per cent. of capacity last year, overall production in the industry increased slightly, owing mainly to domestic demand, which was kept up by a fairly high investment level. The gross value of production was close to Fmk. 20bn. (£2,860m.). There was little change in iron and steel output with 1.6m. tonnes

of crude steel being produced, 1.37m. tonnes of pig iron and just over 1m. tonnes of rolled products. Exports comprised 237,000 tonnes of slabs and billets and 204,000 tonnes of rolled steel. The latest development is the commissioning of an acid-resistant stainless steel plate plant.

Exports figured much more prominently in the non-ferrous metals sector, where, of an electrolytic copper output of 35,800 tonnes, close to 34,000 tonnes were exported. Just over 6,000 of the 6,500 tonnes nickel produced and 82,000 tonnes of the 110,000-tonne zinc output went to export. There are 13 mines under operation in Finland, whose production with the exception of iron ore far exceeds domestic consumption. Metal exports were close to Fmk. 1.2bn. last year.

Copper was the basis for the most significant Finnish metallurgical development, the flash smelting process for refining copper invented by the Outokumpu company. The process has been sold to some 20 countries and is responsible for about 20 per cent. of the copper now produced in the world. A group of Finnish companies is producing a complete plant for the process and has won a Fmk. 1.5bn. (£215m.) contract for a copper and nickel smelting plant to be built at Norilsk in Soviet Siberia.

Shipbuilding remains the industry's exports, accounting for just over a quarter of the total to a value of Fmk. 1,990n. (£292m.) in 1973. It is also most typical of the development of the industry as a whole, having been built up after World War II in order to meet the Soviet reparations claims. About

half its output is still taken by the Russians, under the influence of whose orders it has specialised in the production of icebreakers, ice-reinforced vessels and other types calling for a high degree of steel fabricating and outfitting. The Finnish steel industry was developed largely in order to provide the yards with plate.

Two new yards have recently been commissioned, leading to criticism that the industry may be too large at a time when world shipping is going through a slump and orders for ships are slack. The main problem is more likely to be the cost level reached by the yards after the sharp increases in wages they have paid over the past two years. Profit margins have been eaten away, so that without the so-called K-guarantee system, which compensates exporters for domestic inflation above 11 per cent. a year, the yards would have run at a loss last year.

Contrast

So far in contrast to most other shipbuilding industries the Finnish yards have announced the cancellation of only two orders but it is understood that some Norwegian shipowners are now anxious to negotiate the postponement of deliveries. This would be a blow but the Finnish yards with their long-term Soviet contracts would still seem to be more favourably placed than most of their competitors. Demand for the type of vessel, especially those designed for Arctic waters, in which the Finns have specialised and in which they have unique experience, must eventually revive, even if there is a lag in the projects—in Siberia, Alaska and Canada—which they are designed to serve.

Finnish machinery exports in 1975 were valued at Fmk. 1,570n. (£225m.). The most energetically promoted are the wood-processing equipment and the pulp and paper machines. Three of the four principal Finnish producers, Tampella, Valmet and Wärtsilä, last year set up a joint marketing, research and design organisation to promote exports. The Finns have specialised in large, high-speed paper and kraftliner machines but also produce a range of pulp-making equipment and ancillary units which enable them to offer complete production plants. Here again, though the Finns need to come to grips with their cost problems.

One company with a foot in the pulp and paper machinery business is Kone Oy, which produces material-handling equipment for wood-processing and paper mills. This company, however, has far more extensive interests and is one of the most successful Finnish exporters. Basically a lift manufacturer, Kone last year took over the Westinghouse lift producing interests in Europe and has set up joint ventures in South America and the Philippines. Over 70 per cent. of the company's income is earned abroad. It also produces heavy cranes and shipboard hoisting equipment.

A branch in which the Finns seem to have a good opportunity of expanding is electrical engineering. Of gross production value approaching Fmk. 300n. exports including cables amounted to Fmk. 800m. (£115m.) last year. In addition to generators and transformers, high-powered electric motors are manufactured for industry, and diesel-electric engines of exceptional capacity have been developed for icebreakers.

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Exporters

CONTINUED FROM PREVIOUS PAGE

average, from countries like Japan, Malaysia, the U.K. and the U.S.A.

Finland is not just a permanent exhibition. It is also an export counselling organisation, advising small companies on how to get started abroad. "Sometimes we have to give negative advice, too," says the manager, Mr. Rainer Vainio-kulma. "Some small businessmen just don't understand the work and cost of breaking into foreign markets." Finnhand has office space with telephone, telex and secretarial services which it rents both to the visiting businessman from abroad and to the Finnish seller from the remote parts of the country. This is important, for Finland is a vast country and not every

visitor has the time to trek out to a small handicraft factory 500 miles away from Helsinki.

Another service that Finnhand offers the smaller exporters is assistance to participate in foreign exhibitions and fairs. The Government pays 50 per cent. of the total costs of such participation, including collective advertisements in the trade journals of the exhibition venue. In September this year, Finnhand Expo will have official stands at the giftware exhibitions in Utrecht and Salzburg. In short, it seems that the smaller Finnish firms with export potential are having a lot of the luck taken out of their ventures.

L.K.

W.D.

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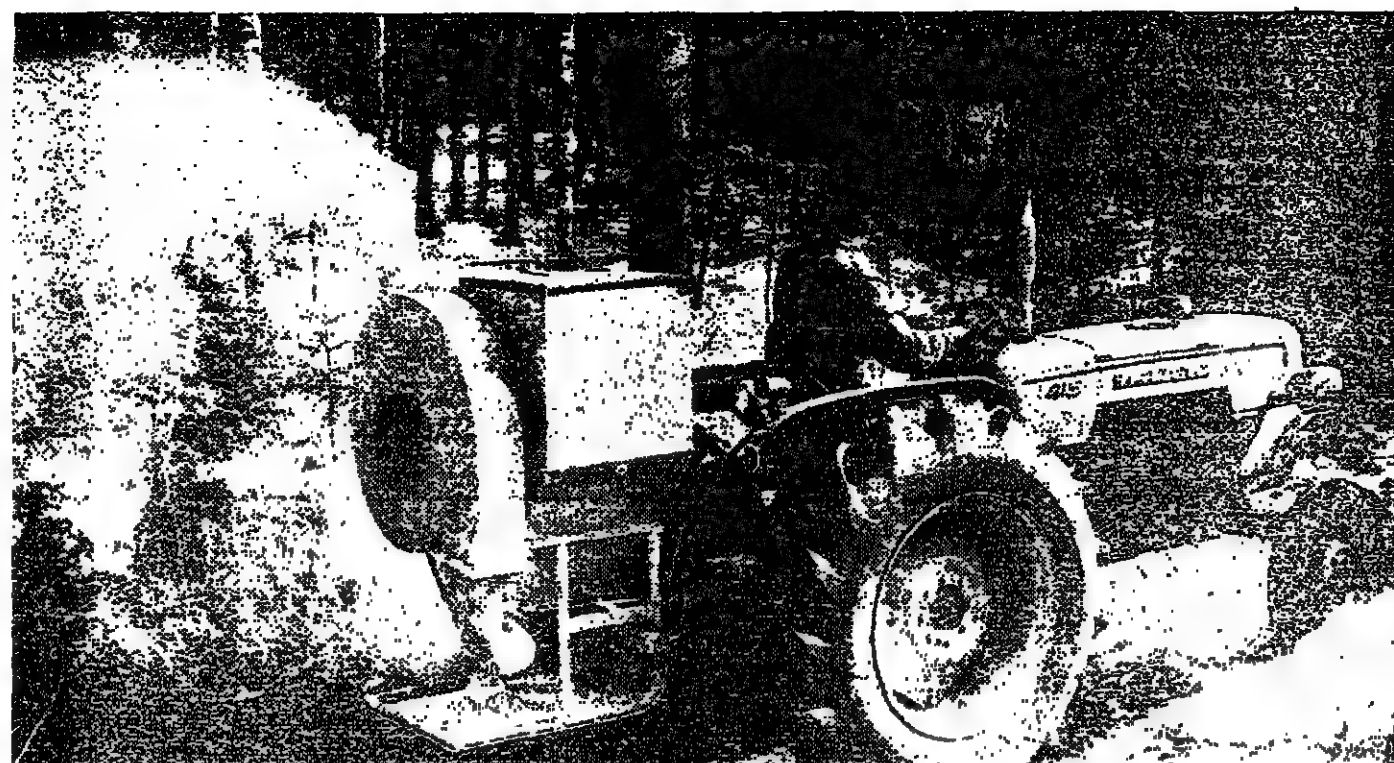
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FINLAND IV

Glum forest industry awaits higher demand

FINLAND'S FOREST industries, which in normal times account for over half the country's exports and are by far the largest net currency earner, have been experiencing a prolonged recession. Recently there have been the first tentative signs of increasing demand from the West European markets but it is becoming evident that the long awaited recovery will get under way only slowly this year. The strain on company finances, already undermined by wage and material cost increases and by low capacity utilisation, is heavy, in particular as the Bank of Finland's tight credit policy makes it difficult to find loan capital.

There are some positive factors. Domestic inflation is slowing down. Stocks of timber, pulp and many paper products with consumers, and in the pipeline, have at last reached bottom. Pulp prices have been maintained in collaboration with the Scandinavian suppliers despite the building up of unusually large producer stocks. On the whole, however, the negative factors are still the stronger and it must be assumed that the mills cannot hope to return to normal production until next year.



Forest fertilisation: a fast way to increase forest growth.

Stocks

They are in fact aiming at returning to 85 per cent. utilisation of capacity later this year before they start unloading the stocks built up over the past year. Given their commitment to maintaining employment, this would seem to be the logical course but the Central Association of Forest Industries is currently forecasting only a 17 per cent. improvement in export volume this year. The implication must be that there is little chance of seriously reducing stocks this year and there may be a longer delay than the mills' financial directors would like in pushing up prices again to a profitable level.

Forest industry production dropped by 24 per cent. in 1975. Average capacity utilisation in the pulp and paper mills was well under 70 per cent. with some board mills running at about half capacity. The average for the saw mills was even lower. The industry as a whole reduced the number of shifts, shortened the working week, let some machines stand idle and shut down during the holidays.

Exports declined in volume by 26 per cent. last year following on the 7 per cent. fall in 1974. To get back to the level reached in 1973, the industry would need a 52 per cent. improvement in export volume this year, or about three times the 17 per cent. predicted by the Central Association. Market pulp ex-

ports have dropped from 1.66m. tonnes in 1973 to 1.33m. in 1974 and only 943,000 tonnes last year. Paper exports fell by 875,000 tonnes to 2.34m. tonnes last year, while board and board products declined by nearly 600,000 tonnes to just over 1m.

The contraction in export earnings by the forest industries was lower at 16 per cent. but its share of overall Finnish earnings fell from 52 per cent. to just over 45 per cent., totalling Fmk.9.2bn. (£1.33bn.) against Fmk.10.5bn. in the previous year. The pattern of trade also changed substantially, reducing the recession in Western Europe, where the EEC took only 55 per cent. of Finnish forest exports compared with over 62 per cent. in 1974. The East European share rose by nearly 10 points to 21.4 per cent. but this switch is regarded as being only temporary.

The first quarter figures for this year showed a genuine pick-up in the volume of sawn goods exported and a much needed recovery in board deliveries, which rose by about one-third. There was no corresponding improvement in board prices, however, while the price improvement on the timber side was checked by competition from the Russians on the British and continental markets. Pulp exports were nearly 25 per cent. lower than for the first quarter of 1975 but are expected to improve by 20 per cent. on a yearly basis, while paper exports had also failed to recover during the first three months. Pulp prices have remained

stable but fluctuations in various paper products have on the whole been downwards. The U.K. remains in many respects the key market for the Finnish forest industry and there is considerable concern about the lag in British economic recovery.

A most interesting situation is developing in the pulp market, where something like a test of stamina between the Scandinavian producers and the European paper mills is being waged. The Scandinavians have managed to keep their price front intact at the level reached in the second quarter of 1975 and have even been looking for price increases towards the end of this year. At the same time the Swedes and the Finns are sitting on stocks which by now amount to well over 1.5m. tonnes and must constitute a price-dampening factor. Demand has started to revive, as the European buyers approach the end of their stocks, but they are evidently not yet ready to place large orders.

Weaker

The Finns may be seen as constituting the weaker link in the Scandinavian front because of the far greater pressure on their mills' cash situation. Unlike the Swedes, the Finns have not received Government grants for stock-piling. The Bank of Finland has channelled some Fmk.1bn. in bank credits to help them but the Finnish mills are paying normal interest rates and their stock piling has been entirely self-financed.

Several of the larger pulp and paper companies declared profits on their 1975 accounts but a closer look at their results suggests that the earnings were reached after a much lower level of depreciation. Had cost accounting been applied, they would have shown considerable losses for 1975.

Their financial position is being squeezed in more than one way. They have not laid off workers, except some 3-4,000 made redundant during the harbour workers' and seamen's strikes in April but later reinstated. The mills have argued that they could not afford to lose skilled labour to Sweden. There has also been a purely political motive in that workers have been kept on to prevent a national confrontation with the unions.

When linked with the 20 per cent. rise in wages last year the effect has been an alarming slump in productivity. According to one estimate Finnish export industry as a whole has suffered a fall of 20 to 25 per cent. in weighted unit costs since 1972 in comparison with the Swedes.

The mills' debt equity ratios have deteriorated considerably, as they have had to increase their external financing, in order to overcome liquidity difficulties. The Bank of Finland's credit squeeze and stricter scrutiny of foreign borrowing permits since the autumn have added further pressure. The raw material position is also unfavourable. Stumpage prices rose by some 300 per cent. in the boom years of 1973 and 1974. There was a

decline of some 20 per cent. last year but the mills are finding it difficult to pay even the current prices for round wood from the farmers. Moreover, the Bank of Finland, bent on its anti-inflation policy, is not anxious to stimulate farmers' spending by making funds available to the mills for round wood purchases.

Sulphate

Expansion plans decided earlier are going ahead. Two new sulphate mills are under construction, one due for commissioning later this year and the other in August 1977, adding 350,000 tonnes to pulp-making capacity. But understandably few new investments are being made. Moreover, the industry has agreed to keep a balance between the forest resources available and production capacity, limiting expansion to the logging potential. Future investments will almost certainly go more to plant modernisation and to processing, which does not involve any substantial increase in wood consumption.

The forest industry scene at present in Finland is rather grim. In six months the outlook could be much brighter, as the West European economic recovery begins to gather pace. Until it does so and confirms that it is likely to last for a while, the tense, nervous period which the Finnish mill managers have been experiencing for the past year will be prolonged.

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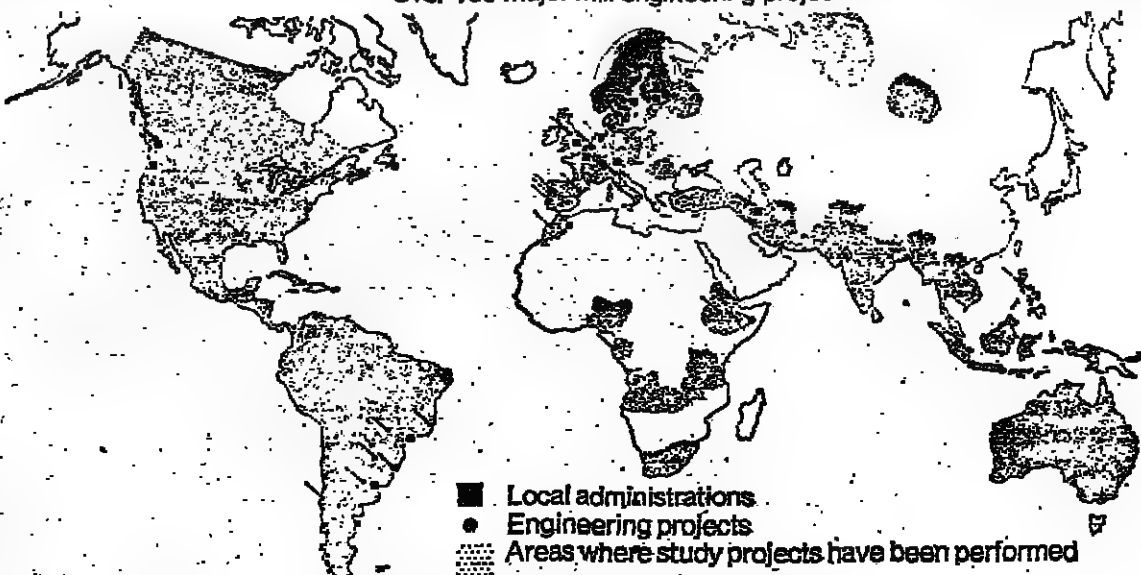
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Electronics sector plans growth course

ABOUT three years ago a Government committee reported on the increasing use and costs of computers in Finland. It came up with some rather startling figures confirming the high growth rate of the industry. Imports of computers, peripheral equipment and spares grew by an estimated 30 per cent. yearly in the 1960s. In 1971 they cost about Fmk.80m. (£8m. at the then rate of exchange), and assuming that the same trend would persist the committee's estimate for 1980 was Fmk.600m.

In the electronics branch as a whole the figures are if anything even more dramatic. In 1960 the value of production was Fmk.50m., of imports Fmk.120m., and of exports Fmk.2m. By 1975 production value had increased almost 25-fold to Fmk.1.18bn. (£149m. at the December, 1975, exchange rate), imports were Fmk.1.1bn. and exports had jumped to Fmk.312m. Obviously the electronics branch is a heavily import-dependent and capital-intensive industry. With the balance of payments posing a growing problem year by year, here is one branch of industry where the high level of Finnish technology and aptitude to excel in certain special sectors could be applied to good advantage.

There is now a permanent ADP committee composed of representatives of the public and private sectors which is deliberating a national policy for the manufacture of both hardware and software, and the establishment of a company for the production of small computers. The field in Finland and has built up a public-private sector co-

operation is not new in capital-intensive projects. It has worked for some time in the petrochemicals branch, and there is a very recent example of a new venture in the electronics field. But the electronics industry has so far been overwhelmingly private enterprise.

Grown

In 1940 there were six companies engaged in the manufacture of electronic equipment, in 1961 still only 21; but by 1975 the number had grown to 160. However, most of these companies are small (annual turnover less than Fmk.2m.) and new. Over a half of them were established in this decade. But some of them are already exporting, and the range of production is broad, covering industrial electronics equipment and components, measuring instruments, communications, data processing and medical electronics, and the so-called consumer electronics field (radio, TV, etc.). Most of the multinational corporations in the branch are represented in Finland or have their own production plants here. IBM has about 55 per cent. of the market for general purpose equipment.

The Finnish giants are Nokia Electronics and Salora. Between them they account for over 40 per cent. of the turnover of the whole electronics sector. Salora is a family company which leads the TV set production in Finland and has built up a flourishing export business

in Britain and recently in Africa. It was in the international business news pages early this year because of its decision to found a new company, Valco, in partnership with the Finnish State (60 per cent. of the share capital—Fmk.50m.) and Hitachi, Japan (20 per cent.).

Valco's production target for the first phase is 300,000 colour tubes a year, most of which will go to Salora itself. Hitachi will market between 50,000 and 100,000 tubes a year in West Europe. As all TV tubes are imported at present (value in 1975 about Fmk.100m.), this is an example of import-substitution enterprise, although one-half of the value of the finished product will still have to be imported. It is also the first example of public-private sector co-operation in the electronics branch.

Nokia Electronics is the fastest growing division of Oy Nokia AB, a company which ranks among the top five manufacturing enterprises and is one of the two biggest private industrial concerns in the

CONTINUED ON FACING PAGE

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FINLAND V

Energy policy aims to reduce oil imports

THE COLDNESS of their climate, their long communications and the nature of their industry combine to place the Finns among the heaviest consumers of energy in the world. They rank seventh on a per capita consumption basis according to a 1974 OECD report. At the same time they are less favourably endowed than their Scandinavian neighbours with domestic resources, having less hydroelectric reserves and no oil, coal or natural gas. Timber has been the traditional domestic fuel, while the energy-intensive forest-based industries, which account for some 30 per cent. of total Finnish consumption, have developed the use of the waste liquor from pulp production and other residues as energy sources.

Nevertheless, last year close to 70 per cent. of the Finnish consumption of 21.5m. tonnes oil equivalent was imported. And the proportion would have been higher, had not 1975 seen an unusual drop in demand caused by the low level of production in the pulp and paper mills and a mild winter.

This vulnerability to foreign energy supplies led Finland to develop from the 1950s a concept of independence, based on the establishment of its own State oil company, Neste Oy, first as an importing agency and then as a refiner on a grand scale, using crude oil imported on long-term contracts mostly from the Soviet Union.

For strategic reasons as well as the need to assure supplies during the months when ice makes sea transport difficult in the Baltic, considerable investments were made in storage space. Last year Neste added 1.7m. cubic metres to its underground storage space, bringing total storage capacity to 7.3m. cubic metres. At one time the company held stocks equivalent to six months' consumption. These have been run down recently for financial reasons, but Finland still has a safety margin considerably higher than the 90 days recommended by the OECD.

In the period 1960-73 the growth in energy demand averaged 6.1 per cent. a year compared with a GNP growth average of 4.9 per cent., and in 1965 the decision was taken to build nuclear power plants. Four have since been ordered, two from the Soviet Union and two from Sweden, but decisions

against the earlier forecast of 20 per cent. This would imply a slower rate of growth in electric power production, which was about 6,300MW in 1973 and had previously been calculated to reach some 15,500MW in 1985. At the same time Finland would also be less dependent on imports of electricity from Sweden and the Soviet Union and might not wish to take full advantage of the framework agreement with the Russians under which imports of electricity would rise to 4bn. KWH in 1980 and could be doubled again by the late 1980s.

Of the four nuclear power plants ordered, two of the 440-MW Soviet pressurised-water-reactor type are being built at Loviisa to the order of the State power utility Imapran Voima Oy and are scheduled to go on-line in 1977 and 1978. At Olkiluoto on the west coast Industrial Power (TVO), a mixed private-public consortium comprising 16 companies is building two 880-MW units of the boiling-water-reactor type supplied by the Swedish ASEA-Atom Company. The first should go on line in 1971 and the second after 1980. The uranium for these plants has been ordered from Canada and will be enriched in the Soviet Union.

Under the earlier programme it had been decided in principle to build two more Soviet reactors at Loviisa. It is now clear, however, that these will not be needed before 1985, and the delay in the need to place orders has given the Finns time to consider the more advanced types of Soviet pressure water reactors. At present they are debating whether to order two of 500 MW or one of 1,000 MW for commercial use after 1985.

The reduction in the energy demand forecast also means that plans for other sources can be cut back. Coal imports, for instance, are now expected to supply no more than 2.5m. tonnes oil equivalent of energy in 1985. Neste Oy's purchases of natural gas from Russia for industrial use, originally agreed in 1971 and expected to reach 1.4bn. cubic metres in 1979, will not now need to be enlarged and the pipeline from the Soviet Union will probably not be extended. The Russians in any case had indicated that they could not increase supplies to the 3bn. cubic metres originally targeted.

It is now also clear that

Government plans to tap the only remaining domestic source, peat, will be modified. Finland has the second largest exploitable source of peat in the world, amounting to some 2-2.5bn. tonnes oil equivalent, and the Government had previously decided to increase production to cover about 5 per cent. of total energy demand by 1985. The first power plant running on peat, built for the United Paper Mills at Simpele, should be in full production in July. However, it has become evident that peat will be significant only as a local fuel because of the transport difficulties, its northern location and exploitation difficulties.

Sinking

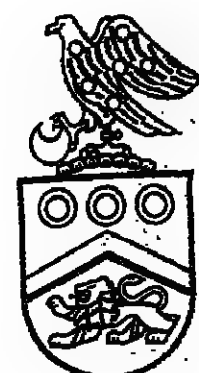
Thus, imported oil will continue to be the main source of Finnish energy, with its share of total consumption sinking from the current 52 per cent. only to about 47 per cent. in 1985, and supplies rising from some 11.2m. tonnes oil equivalent last year to about 15.2m. tonnes in 1985. Last year Neste Oy imported 9.1m. tonnes crude oil, of which nearly 6m. came from the Soviet Union. In December Neste signed an agreement with V/O Sojuznefteexport for the delivery of 32.5m. tonnes of Soviet crude between 1976 and 1980, estimated to make up about 40 per cent. of the total value of Finnish imports from the Soviet Union during the period.

The Russians are understood to have explained that they can-

not increase supplies beyond the 6.5m. tonnes a year allowed for in the new agreement, and Mr. Uolevi Raade, Neste's managing director and the architect of Finland's oil policy, has said that Finland will in the immediate future have to look to the Middle East for some half of its crude requirement. The expansion of the refinery at Porvoo, which came on stream at the end of last year, has given Neste an annual refining capacity for crude of 15m. tonnes, considered sufficient to cover Finland's needs for the next ten years. The throughput capacity of the main processing units is in fact greater, and capacity could easily be raised through increasing storage space.

This excessive refining capacity, which will entail the need to export some refined products such as gasoline, is yet another controversial issue in the long series which has chequered Neste's development. All oil imports are controlled through Neste with oil products not produced in Finland being imported through Suomen Petrooli, a Soviet subsidiary. Prices are fixed by the State, and Finnish industry has frequently complained about them, in particular about the high fuel oil price level. Some adjustments were made at the beginning of this year but the usual answer to industry has been that it must pay the price for maintaining the country's independence of the major foreign oil companies.

W.D.



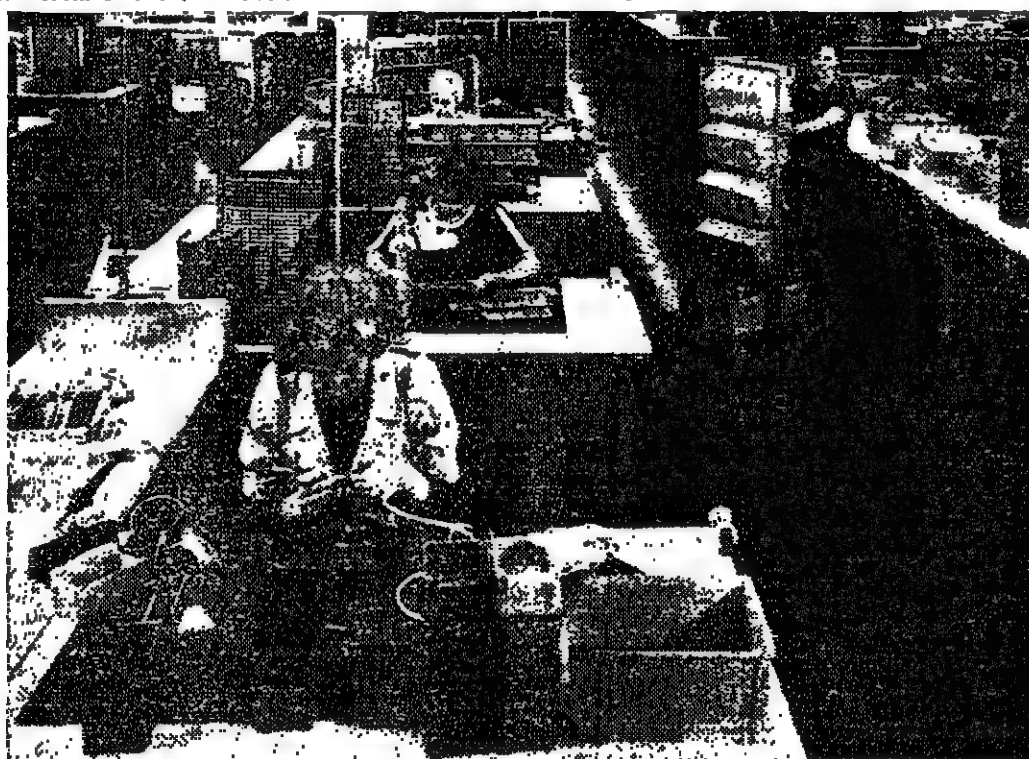
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- **PETROCHEMICALS:** Neste produces ethylene, butadiene and propylene both for processing in Finland and for exports.
- **NATURAL GAS:** Neste imports natural gas and distributes it through its own pipeline system.
- **SHIPPING:** Neste has a tanker fleet of nine vessels, with four product carriers and a gas carrier on order. Most of the vessels are designed for difficult winter conditions.
- **CONSTRUCTION AND ENGINEERING:** The planning and building of Neste's two refineries, ethylene plant, power plant, harbour facilities and raw & waste water systems have to a large extent been carried out by the Company's own Construction and Engineering Department.

Through these and other integrated functions Neste combines knowledge with practical experience. This knowledge and experience is at your disposal for consultation.



Nokia Electronics is Finland's largest manufacturer of telecommunications and industrial automation systems.

Electronics

CONTINUED FROM PREVIOUS PAGE

country. Nokia Electronics is the biggest manufacturer of professional (as opposed to consumer) electronics equipment in Finland. It has three departments: computers and data processing; telecommunications; and industrial automation. Common to all three is the research and development department into which Nokia Electronics ploughs back 15 per cent. of its annual turnover. Sales in 1975 totalled Fmk214m., of which about one-sixth was exports.

The computer department represents Honeywell Information Systems Inc. (through Honeywell Bull) and has three computer centres. Nokia Electronics has developed many innovations and systems of its own. Of the 1,146 units produced by the 13 Finnish manufacturers of microcomputers in 1975, no fewer than 839 were Nokia's Mikro 1 and Mikro 2 computers. Its most important industrial automation products are the computer-based process control systems used to control production processes in the pulp and

paper industry, saving on energy and raw materials. Nokia was the first company to produce a 30-channel pulse code modulation system. It is currently working on a telephone exchange based on the time division technique and expects to begin marketing it in 1978. Its water pollution monitoring system has aroused considerable interest. The company's autonavator system is based on a combination of radar and computer for safe navigation of narrow passages.

Contender

In the news recently has been the Scandinavian data network project, valued at about Fmk170m. in the first phase. Nokia has been a strong contender throughout for a share of this business. The main contractor will be L. M. Ericsson of Sweden, with Nokia as the subcontractor delivering terminals and transmission modems. It is valued at some Fmk30m. Mr. Kurt Wikstedt, head of Nokia Electronics, stresses the importance of exports, as the home market is limited. The

company has its own marketing subsidiaries in the U.S., Sweden, and a sales office in West Germany, but its main market has been and still is the Soviet Union, together with other Comecon countries. Nokia recently entered into a new venture, Elorgdata Oy, with the Soviet organisation Elektromekhnika and two Finnish companies. The new company has a service bureau in Finland. Its Soviet computers are installed and will start providing services this year. Elorgdata will also sell Soviet computers and components in the West. The Russians have a similar set-up in Belgium and Holland. Looking ahead, it seems that the Finnish electronics market will continue to grow at a healthy pace, providing opportunities for both exporters and importers. It will also be a market to watch for innovations connected with the areas in which Finland specialises so efficiently, such as the forest industry, shipbuilding, communications, and environmental protection.

L.K.



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Eggs on the move

● JIF Desert Toppings, from Colman Foods, is being introduced into Yorkshire after a successful test launch in Tyne Tees. Market size is reckoned to be £1.75m. this year.



BY ANTONY THORNCROFT

gained the prize for the best Black and White Newspaper advertisement. The Public Services

In the Direct Mail section the Silver went to the International Wool Secretariat, and the indi-

COMMUNICATIONS INDEX.

BY DON BECKETT, THE MEDIA BUSINESS

ON THIS page last week it was reported that the television advertising boom of 1976 was still showing signs of coming to an end. In fact with month-by-month net revenue increases (compared with 1975) as great as 65 per cent. in May (admittedly not a typical month last year) and a likely 40 per cent. in June, advertising's recording angel, Harold Lind, must be revising his figures as often as the Government statisticians adjust their estimates of the national population, and the demand for teachers.

Why is TV advertising expenditure growing at such a rate?

But the contractor can only benefit from a pre-empt rate structure if demand for time is sufficiently high, to ensure that buyers are prepared to pay a

Also evident from the tabulated figures is the way in which Retail (gaining fast on Food at 1975's 10.1 per cent) has grown (up from ninth to fifth place) have grown in overall importance. Nine out of ten of 1975's top brands were retailers, so it is hardly surprising that this product category is showing such rapid growth. As previously noted however, that although Mail Order is included by MEAL in the same main category as Retail, it has not been experiencing the same kind of growth.

Whereas, comparing 1975 to 1974, Department/retail stores were up 83 per cent and Grocery chains/co-ops were up 39 per cent, mail order and direct response were only up 10 per cent, and mail order catalogue advertising actually fell by 6 per cent.

seen back in 1975, advertisers switching from newspapers to television. Press to television can rapidly change a buyers' market into a sellers, because they are operating in the market place in which there is a fixed supply of airtime.

MEAL, in a recently produced report on Tn and Press advertising in the United Kingdom, Product Categories, has analysed the annual patterns of spending over the six years 1970-75. This report not only shows that in 1975 there was a greater growth in total TV expenditure than in total TV expenditure, but also enables the advertiser and researcher to analyse this growth in terms of 21 major product categories and a total of 330 product groups. So where did the 1975 TV growth come from, which laid the foundation for a new era?

The simple answer is: everywhere—or almost everywhere. Taking the 21 product categories

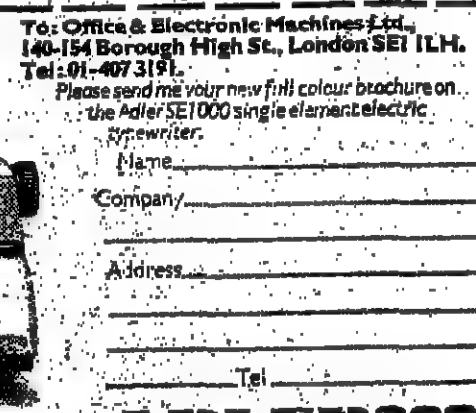
Lonsdale 1a

BY ANTONY THORNCROFT

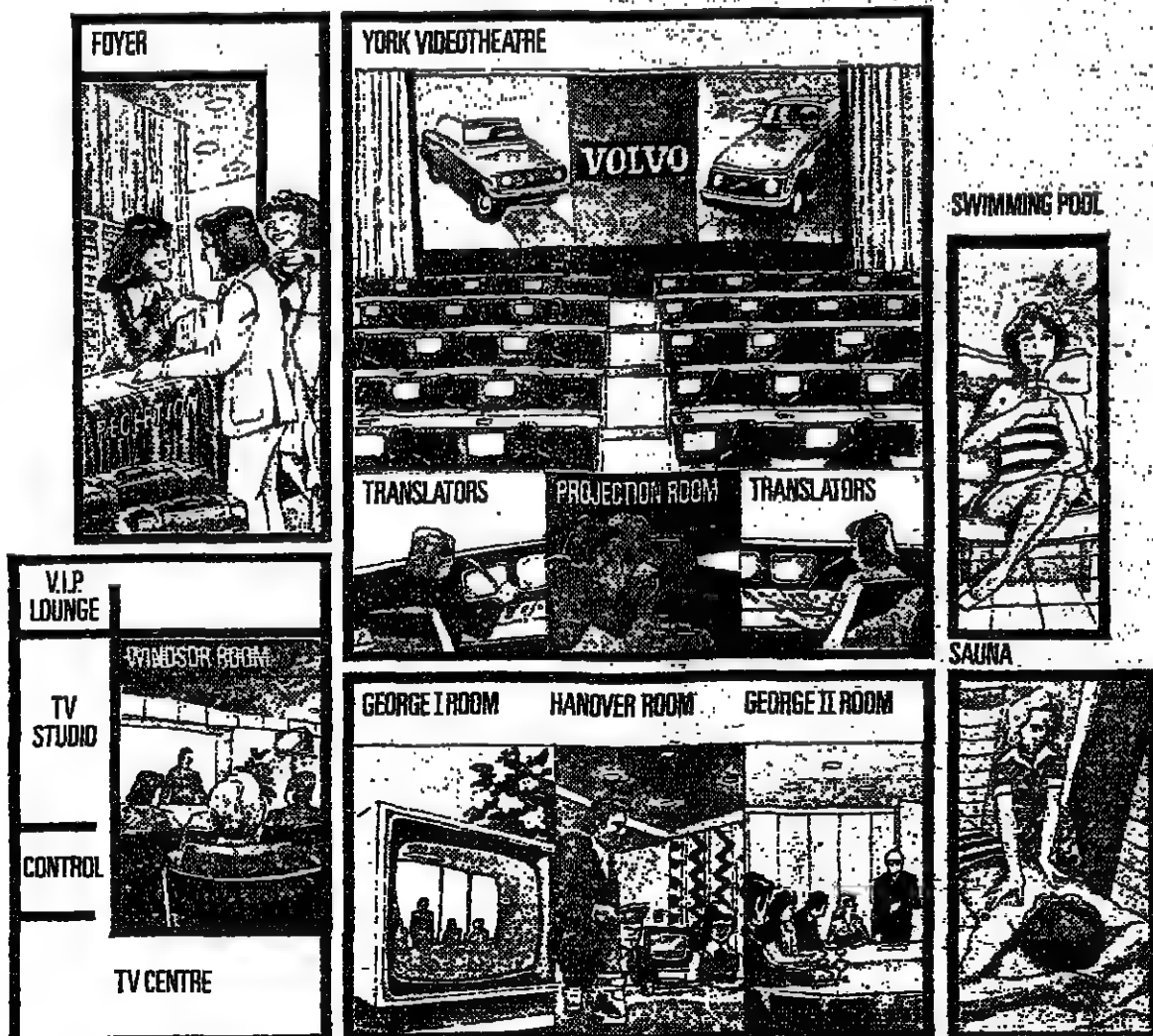
IN the run up to the U.K.'s Common Market entry advertising agencies fussed about their evidence overseas connections and their ability to lend multinational colour. These have proved, not surprisingly, something of a chimera. They might exist for a handful of organisations, like the major banks, air lines, and oil companies, but in the main advertising does not

Now Lonsdale Osborne, which, as a London agency went particularly overboard in Europe, has got something to show for its pains. The total annual billing of the Osborne group is around £32m, and the London agency has been overtaken in size by the two offices it has acquired, which together bill £12m. And it has just gained a big European account, worth £750,000.

The client is Pioneer, the Japanese hi-fi equipment manufacturer, which is very big in packaged goods TV advertising, so Gingerallas, which quickly achieved sales of £2m, has been particularly important.



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THURSDAY, JUNE 10, 1976

Compromise on Price Code

THE GOVERNMENT, as Mrs. Williams put it last month, is walking a tightrope in the negotiations about revision of the Price Code—between the need to improve industry profitability and the need to support increased investment and employment yet fearful of upsetting TUC leaders by going, or seeming to go, too far in this direction. Since the CBI is faced with a similar tactical dilemma, it is not altogether surprising that reports about the state of the negotiations vary confusingly from one meeting to another. Yesterday's meeting was called by Mrs. Williams to confirm that the two sides were in fact agreed on the broad outlines of a deal, and the final meeting at ministerial level will take place tomorrow. Although time alone will prevent the consultative document from being published before the special TUC Congress on June 18, the CBI will at least have less cause to fear that something said at that Congress will mean a drastic revision of the new terms of the Price Code.

What has been achieved is necessarily a compromise. Since the basis of the compromise, however, is a certain increase in the cost of living and therefore in company profits, and since the value of the particular concessions must add up roughly to this figure, there is still room for the CBI to be satisfied with the general nature of the concessions but unhappy because their previous aim has yet to be settled.

Callaghan lines

In general terms, the changes proposed are along the lines which the Prime Minister laid down last month at the annual dinner of the CBI. These were new provisions to encourage investment, changes to take account of the effect of inflation on stocks and fixed capital, a review of the productivity deduction, measures to avoid firms being penalised when productivity and output rise together, and a general simplification of the controls.

More specifically, the CBI suggests that control should be based additionally on input rather than output costs has

Investment effect

None of these suggestions has yet been finally agreed and the absence of figures makes it, in any case, difficult to decide how far the Government is going to meet the CBI's opening position, that the Price Code ought to be abolished altogether. The calculation will be a national one even when the figures are out, since it is impossible to determine how far prices and profits have been kept down or will be kept down during the coming year by competition and inadequate demand rather than by the operation of the Code. There seems, in fact, to be some discrepancy between the eagerness of the CBI to do away with the Code and its claim that the effect of its abolition on prices would be very small—though the administrative burden on industry of the Code in any form is probably reason enough for wanting to be rid of it. The overwhelming need, however, is for industry to rebuild its profitability. If this is to be achieved, the revisions in the Price Code have got to be a great deal more than tinkering.

Ground rules for aids to industry

OF the faster growing elements of public expenditure in recent years has been the provision of government support for industry. This is not a development that can be attributed to one government in particular. The total amount provided in the form of grants, loans, and equity participation has been tending to increase under governments of both the major political parties. However, the present Government, in setting up the National Enterprise Board and in developing its industrial strategy, has been tending to place even greater emphasis than its predecessors upon selective, as against generalised forms of assistance.

Disturbing losses
It has been doing so at a time when there has been an increasing number of disturbing examples of large sums of money being lost following earlier interventions with results that can at best be described as disappointing. The latest to come to light is the example of the contracts to supply base load electricity to two of the dominating smelters which were built with Government assistance in the late 1960s. The State-owned electricity supply boards were pressured into granting special contracts for the supply of power on terms that were notationally based on the anticipated costs of two AGR power stations at a time when no full-scale AGR reactor had been built and when, therefore, the technical risks, including the risks of delay and cost escalation, were enormous. Not surprisingly, one now learns that the two electricity boards concerned have so far lost at least £50m on these contracts and that their losses are currently growing by at least £25-£30m a year.

Analysis

What is surprising is not that large amounts of the taxpayers' money should have been lost but that there has never been a sustained drive by Ministers and officials to establish what went wrong and why, with a view to identifying the lessons for future policy and its administration and, even more important, to make sure that the lessons are acted upon.

NEW MEN and methods were at a premium in the U.S. primary campaigns. Listen to one of the surprise successes in the campaigning of recent weeks: "The reason why we Republicans are a minority party in California is that the Republican leaders have been intellectually taking in their own washing for too long and have run out of fresh ideas."

The words are those of a 60-year-old Professor of Semantics by the name of S. I. Hayakawa. A Japanese-American with no previous experience of or apparent interest in electoral politics, he was known, if at all, outside California only for his brusque crushing of a student revolt at San Francisco State University a few years ago. But yesterday he put to the sword his opponents in the California Republican Senatorial primary. A party member for only two years, he beat both liberal and conservative candidates. Mr. Robert Finch, Mr. Nixon's old closest Cabinet moderate among them, with a campaign which, as he puts it, was deliberately unconventional and unpredictable. "I can be a liberal, a conservative — and anything in between." He upheld no party shibboleths, disregarded with almost careless capture conventional political rhetoric, and now stands a very good chance of entering the U.S. Senate next year, a septuagenarian with no mission other than the application of his mind.

But his observation seems valid far beyond both the Republican Party and the sometimes esoteric confines of California. The losers in the 30 primaries that have fascinated this country since February have been the conventional politicians of Left and Right. Mr. Morris Udall, the Liberal, fought long, hard and fruitlessly Senator Frank Church, another Liberal, came in late, did well in his north-western territory, but more or less admitted last night that it was hopeless. Senator Henry "Scow" Jackson ran a campaign straight out of the political handbook and was killed off in a state (Pennsylvania) which had always in the past repaid such tactics: Messrs. Benites, Shapp, Shriver and Bayh all went the same way: it could even be argued that the collapse of ex-Governor George Wallace, who for a dozen years has been preaching his anti-establishment message with some effect, owed much to the fact that he had become no more than an establishment anti-politician.

Mr. Gerald Ford, the incumbent President, has been a loser too, though he still has a chance of recouping his losses. All the logical arguments suggested that he should have little difficulty in winning at the very least his own party's nomination. America is at peace in the world, is no longer riven internally by Vietnam or Watergate, has an economy which is improving rapidly, and is led

by a man who, whatever his defects, is honourable and decent. Yet, three months and 30 primaries behind him, he is still scrambling around frantically for that critical extra bit of support that will enable him to overcome Mr. Ronald Reagan, a man who was widely believed to be no more than the heir to the conservatives who had so singularly failed in national elections of the past.

To be sure, there was hard core support for Mr. Reagan, perhaps amounting to one third of the Republican Party. These are the "America Firsters," who lap up his criticism of foreign and defence policy for being insufficiently powerful, and who

believe that prayer should be put back in the classrooms. But he has extended this base, not because Americans think Dr. Henry Kissinger is selling the U.S. down the river to crafty foreigners, but because he has been telling them that what is important is to get Government out of the lives of the average citizen. He has been abetted in his cause in part by Mr. Ford's own shortcomings as a campaigner (particularly his inability to convey a sense of vision and leadership), but to a greater degree by the Republican perception of their President as a symbol of precisely that bureaucratic power they wish to see reduced.

Of the Democratic side there have been two winners, Mr. Jimmy Carter and Mr. Jerry Brown. Mr. Brown, the current Governor of California, believes that Mr. Carter, former Governor of Georgia, is masquerading as the apostle of the new politics; while in reality he is an exponent of the old. Mr. Brown may turn out to be right in the

long run, but the point is academic. They have won because theirs are fresh faces not associated with what the country dislikes about Washington.

Both have espoused in their different ways visionary, almost inspirational politics. Both have been perceived, in Mr. Carter's case somewhat inaccurately, as not being issue-oriented. Mr. Carter has probably been as specific as any other candidate in the campaign, but his pronouncements have not been entirely predictable.

Governor Brown constantly amazes by never talking about issues at all. As he told me with

religion at the top of his political priorities in the past.

There was more, however. Who said that he (Senator Humphrey) should be the man who should be knighted on a white horse at the convention? The Mayor had suggested just a few days ago that if Mr. Carter won the Ohio primary convincingly, then that ought to be that. Mr. Carter did, in a landslide, and in the Mayor's view that outweighed any setbacks he might receive in California and New Jersey. The message to Senator Humphrey could hardly have been clearer. Mayor Daley had concluded that if the Democrats were going to take the White House in November, then

own this summer. Senator Church was last night notably conciliatory to Mr. Carter. Mr. Udall, who has attacked Mr. Carter with more acerbity than anyone, said he would not take part in any "destructive" movement: Senator Jackson has decided to back Mr. Carter, in good measure because he has fallen out with Senator Humphrey. Even Governor George Wallace, perhaps wanting to show that after all the mischief he has caused over the years he is now a good Democrat at heart, has done the same.

Mr. Brown will not give up yet and, given his record in the last month, it would be surpris-

winning primaries in Michigan, Ohio, Illinois, Pennsylvania, Indiana, and Wisconsin. It is the nominee, he will proudly shore up his standing, the most popular heartland, picking a running mate for this area, perhaps Sen. Stevenson from Illinois (who would please Mayor Daley). Senator Glenn from Ohio (America's first space man).

The public opinion polls which, now that the primaries are over, will assume great significance as the year progresses, all suggest that Carter is favourite to be either the President or Vice-President in November. The chances would be enhanced if the struggle between the Republicans becomes so bitter. The latest Ford campaign strategy, as expounded in a series of television commercials claiming that thoughtful Governor Reagan could not declare war, President Reagan might, has cut the California vote to the quick. In the last couple of days, for the first time, Mr. Reagan has hinted that he might have difficulty supporting Mr. Ford's candidacy should he get the nomination.

Very finely balanced

The contest between the two is very finely balanced, with Mr. Ford only fractionally ahead. The outcome depends entirely on who can win the allegiance of a relatively small number of uncommitted delegates and those still to be selected. If the fight becomes really rough, then the nomination may be severely tarnished, which spells trouble for the Republicans, because they are very much the minority party in the land, outnumbered two to one by both Democrats and registered Independents. Moderate Republicans have already been left out in the cold. Though they could probably live, reluctantly, with President Ford, a Reagan candidacy might drive them into the Democratic camp or persuade them to stay at home. Conservatives could also probably support the President, but not if he beats their champion, in their view, by hitting him below the belt.

In the past both parties have demonstrated a capacity to carve themselves up: the Republicans engaged in the ritual act in 1964; the Democrats in 1968 and 1972. But the probability is that if it is anybody's turn, it is the Republican's this year.

And therein lies the rub. For there could be no greater irony and no surer prescription for defeat for either Republicans or Democrats, both of whom have indicated quite clearly in this protracted primary season their discontent with status quo politics, than to have their candidates determined by practitioners of the status quo working their will in smoke-filled rooms in New York City and

AFTER THE PRIMARIES: WHO GOT THE DELEGATES



Republican Delegates Committed
FORD 914



REAGAN 857

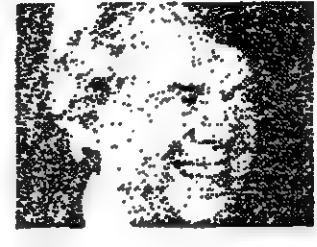
NO PREF 203

Total needed to win 1,130

Total at convention 2,259

282 Republican delegates will be chosen in caucuses or state conventions in 11 states in the next six weeks

Source: UPI.



Democratic Delegates Committed
CARTER 1,134

UDALL 331

JACKSON 248

BROWN 213

WALLACE 168

CHURCH 74

HUMPHREY 57

OTHERS or UNCOMMITTED 635

Total needed to win 1,505

Total at convention 3,009

In some states delegates remain to be selected by caucuses. Governor Wallace's delegates and those controlled by Mayor Daley of Chicago, under the uncommitted Democrat figure above, were released to Mr. Carter last night.

MEN AND MATTERS

Lonrho to build CES stake?

At the Combined English Stores Annual meeting held at London's Dorchester Hotel yesterday, one of the attendees, a shareholder, raised the energy to overcome the heat and question chairman Murray Gordon about his recent share deal. (You may remember that Lonrho acquired a 44 per cent stake in CES through buying rather more than half of Gordon's personal stake at a price well above that prevailing in the market.)

The deal and the motives behind it rather captivated City interest since no one was very forthcoming about it. CES made the normal noises about drawing on Lonrho's "commercial experience and finance," while Lonrho, to whom the £880,000 investment was really petty cash, didn't say anything at all. Independent sources now back up the original explanation that the deal arose from a casual meeting between Murray Gordon and "Tiny" Rowland of Lonrho but, apparently, things are beginning to move as a result. According to Gordon yesterday Lonrho stands ready to back CES in overseas acquisitions.

That was predictable, but what becomes clearer is that CES is looking to Europe and probably the U.S. for much of its future expansion, and that Lonrho's part in all this will be to arrange the finance in a form which will raise its stake in CES from a relatively meaningless 44 per cent, at least up to the 29.9 per cent mark. (Anything more could require a full bid under the Takeover Code.)



With Howard Hughes, there seems to be more will than women.

interests show no desire to sell — which they do not. And anyway U.K. retail groups have to be bought at fancy prices compared to Continental alternatives. First developments can be expected within a month or so.

Pay Norm

In view of the dominant role in national life played these days by the TUC, the relative anonymity of its leading officials is surprising. Few outside the place had heard of Len Murray when he became general secretary, and the same can be said of Norman Willis, standing in while Murray recovers from his mild heart attack.

is 43, making him 11 years younger than Murray. In fact, Willis's appointment to his present job two years ago was a bit of precedent-breaking in that he came from outside the TUC, having been research officer in Jack Jones's Transport and General Workers Union.

Willis's recreations include going to jumble sales and looking at beautiful buildings. He was on the business and industry panel of European Architectural Heritage Year, appropriate for one of his hobbies, but I suppose it is doubtful whether his membership of the Waste Management Advisory Council is somehow linked with the jumble sales.

More seriously, Willis's real public test comes at next week's special TUC congress to discuss the new pay round, though with opposition down to a minimum that should be a reasonably trouble-free occasion.

Eric's way up

Even in these times of much debate about the accountability of business, the progression to the top of the Institute of Chartered Accountants tends, TUC-like, to be politely predictable. So a significant name in the trio of office holders announced today is that of Eric Savers. He becomes a vice-president and on past form should be president in 1978-79.

62-year-old Stanley Kitchen, he expects his preoccupation to be the problem of auditing standards, rather than the much-ballyhooed one of inflation accounting (for which a final standard may not be published until October next year). Kitchen may not be on the industrial side of the fence, but at least escapes being described as bound up with London: he is a partner in Touche Ross's Birmingham office.

Sale on while . . .

The Grosvenor House Antiques Fair, which opened yesterday, shows every sign of being an even better sales platform for Britain's antique dealers than last year's successful effort. Over 100 dealers have something like 10,000 pieces on display and the total estimated value is around £30m. Not surprising therefore that security precautions are strict, but optimism among the dealers was tempered by a certain sadness that, with the fagging pound, much of the buying would probably be from overseas bargain hunters. This was borne out certainly by the queue that formed for the opening of the doors at 11 a.m. The Vanguard was dominated by the Japanese who had, apparently, done their homework and actually ran to the stands where the objects of their choice were on offer. All a bit like an up-market version of the January sales.

. . . stocks last?

Perhaps it's just my suspicious mind, but I feel that prominently displayed notices at the Fair are at least open to misinterpretation. They state: "All exhibits are for sale. Articles sold are replaced daily."

Observer

Clyde Unit Trusts - merger and change of name

At meetings of the registered holders of units in The Clyde General Trust Fund and The Clyde High Income Fund, held on 12th May and 28th May respectively, it was resolved to merge the Funds, with effect from 1st June 1976. Holders of income units in Clyde General received 0.786420 income units in Clyde High Income for each such unit held, and holders of accumulation units in Clyde General received 0.700283 accumulation units in Clyde High Income for each such unit held. At the meeting of holders of Clyde High Income units it was also resolved that M&G Securities Limited succeed M&G (Scotland) Limited as Managers of that Fund and that the name of the Fund be changed, also with effect from 1st June, to "The M&G High Income Fund".



The conditions underlying the credits

WE MUST not begrudge Mr. Denis Healey his public relations success in getting away with the presentation of yet another set of credits to bail out sterling as a great triumph for the Government. The Chancellor is rapidly emerging as the true successor to Sir Harold Wilson in his ability to announce a defeat as a victory and then sit back and chuckle at the discomfiture of his critics.

This is not said cynically. The ability to do something inherently unlikely—or impossible if other people were fully awake—commands genuine admiration. The whole episode has had, too, its moments of light relief. I shall remember for a long time the banner across the front page of the *Mirror* composed of the flags of the Group of Ten countries, as if it were some great sporting trophy we had won.

The situation is, of course, all too familiar. Mr. Callaghan received similar credits to support the pound at \$2.80, and Mr. Jenkins to support it at \$2.50. The novel feature of the Healey credits is that they are required under a floating exchange rate, and after the effective rate has already dropped over 20 per cent. in one year. Viewed in retrospect, the spectacle is that of a continuing decline interrupted by the occasional pause or breathing space.

But for how long more can the depreciation go on? I am often asked. There is in fact no theoretical limit. The arithmetic of proportions is not the same as that of differences. International experts who advise the Group of Ten expect the medium term average rate of inflation to be up to 3 per cent. higher in the U.K. than for industrial countries as a whole. The sterling exchange rate can go on falling at that rate, or more, without ever reaching zero. The Italian word "lira" has the same meaning as the French "livre" and the British "pound." All three once denoted a pound of silver. Today there are 1,500 lire to the pound sterling. Decline can be protracted over many centuries.

The kindest thing that friendly Governments and central banks could have done would have been to refuse to put our own house in order. Unfortunately as a leading overseas central banker once said to a friend who proposed such a course: "Young man: that kind of charity does not exist any more in this world."

In the absence of this ultimate in charity, we will probably throw away the chances of an "economic miracle" fortuitously provided by the combination of world boom, highly competitive British costs position, and slack in the domestic economy.

THE MOST important single sentence in the Chancellor's statement was that if any drawing on the central bank credits cannot be repaid within six months, the Government would be prepared to go to the IMF. The implied condition is that if the U.K. still needs further help, it will accept the terms of the IMF, with its well-known emphasis on monetary and fiscal restraint.

Contrary to popular mythology, the IMF does not have sharp teeth of its own. The Managing Director has in the last resort to follow the wishes of the main member countries.

The governments behind the new credit package have now made the political decision that if the U.K. still needs support after six months, "sound financial policies" will be a condition and this is the significance of the reference to the IMF. The Fund is a convenient agency for enforcing these conditions.

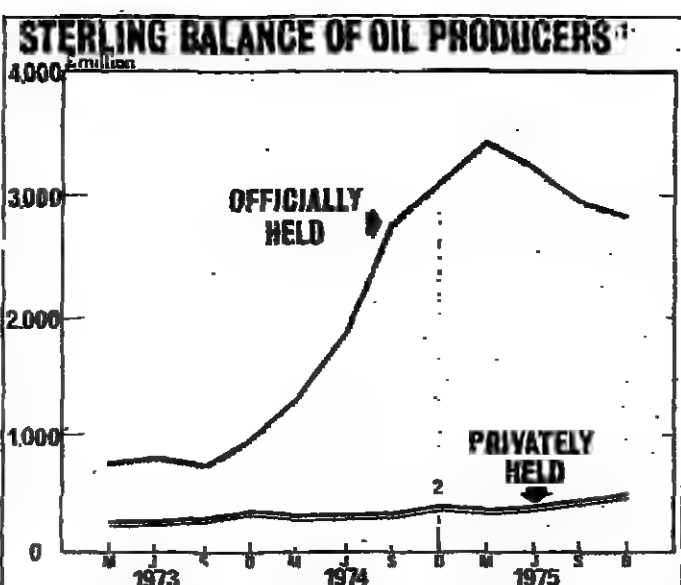
If we assume—and this is not taken for granted by everyone involved in policy—that the credits do provide a breathing space for the normal processes of economic policy, what is likely to happen? In July the Chancellor will have available both a new set of National Income Forecasts and the preliminary results of the annual public expenditure projection known as "PESG."

A major exercise is under way to keep this year's public spending in line with the announced limits, but not to reduce it further. It is also highly likely that when the new projections are ready so-called "cuts" will be required to keep expenditure for 1977-78 within the limits already announced and to prevent next year's public sector borrowing requirement rising above the current year's estimate of £12bn.

But beyond that, what? There are three possibilities. Existing policies will be vindicated in the short-term sense that the pressure on sterling and on the reserves will be halted without the need to submit to IMF conditions.

The Government will be forced to go to the IMF and accept its conditions.

The new economic forecasts for the gross put on target will give the Chancellor an excuse to "change his mind" and decide



Source: Financial Statistics
1. Algeria, Bahrain, Brunei, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, Trinidad and Tobago, United Arab Emirates, Venezuela.
2. British Government's estimate of oil supply until September 1974. Recession of approximately 100,000 bbl/day.

to reduce the borrowing requirement by £2bn. next year, whether or not he goes to the IMF.

By the time such decisions have to be taken the special TUC Conference will be out of the way. If there is no fresh sterling crisis, the Government could either announce its broad public spending objectives before the summer recess or wait until the autumn or winter.

There is still a strong school within the Treasury which does not regard the public sector requirement or the money supply as policy targets. Its approach is to add up the probable real demands on the economy and

rapidly expanding economy, and that expenditure curbs of at least £2bn. can be justified on grounds of avoiding overheating. Even if the forecasts do not show this very obviously, with a little massaging they might be made to yield this result.

The outcome will depend on what is stronger: the push from the foreign exchange market and our overseas creditors on the one hand, or the pull from the TUC and the Labour Left on the other. The result can then be rationalised by the economic advisers.

Nevertheless, beliefs and ideas should not be dismissed too quickly. The continuing dislike of the Bank and Treasury for firm money supply objectives is still the most disquieting feature of the British situation.

The Chancellor supported his refusal on Monday to give such objectives by a prepared quotation from Dr. Arthur Burns on the difficulty of making a second adjustment for the U.S. money supply figures in February. I am surprised that Mr. Healey swallowed such an unconvincing piece of briefing. The seasonal difficulties have not prevented the U.S. Fed from stating monetary objectives in terms of two measures: and, Canada and Germany have similar targets.

Instead of capitalising on the personal inclinations of the Prime Minister and Chancellor, to control the money supply, their advisers are discouraging it, some of them on the grounds that it will provide an excuse for not tackling public spending.

This is putting the cart before the horse. The first requirement is to put a ceiling on the growth of the money supply. When this has been done, we can then examine whether the rate of interest required to finance the public sector deficit outside the banking system is in any sense "too high." If it is, we can move to the third question: whether the public sector deficit should be cut by reducing spending, raising taxes or by a mixture of both.

The case against the present level of public spending needs to be argued on its own merits; and it is no real help to confuse it with the inflation issue. There is no substitute for a cool examination of the demarcation between the private and the public purse.

One might be able to rush a few emergency cuts in a crisis, but such cuts are likely to be ill-considered and not very durable; and we cannot rely on the crisis continuing. The Indian summer or fools' paradise is still a possibility.

IN ANSWERING questions on Monday, the Chancellor provided a little noticed partial breakdown of the pressure on sterling which cost the U.K. £3bn. in reserve losses and special borrowing over the last three months. The current account deficit was responsible for about a seventh. A quarter was due to commercial leads and lags. (The official estimate is that one day's timing change in payments can lead to a loss of up to \$275m. in the reserves.)

A further quarter arose from a rundown of the sterling balances. Balance of payment statistics show that there was very little change in these balances in 1975; and there was a modest rundown of £77m. in the first quarter of the year. The Chancellor's figures suggest a further rundown of over £300m. in April and May.

Despite the much proclaimed intention to phase out sterling's reserve role, the nominal value of the sterling balances has risen from £4bn. in 1970 to over £7bn. at the end of 1975. The most important reason has, of course, been the large rise in the holdings of the oil producers which now amount to over £3bn. But there has also been a large rise in privately held sterling balances (mostly outside the oil producers) from about £1.7bn. in 1970 to well over £3bn. at the end of 1975.

The official view is that major conversions are unlikely, as sterling now accounts for a very small proportion of the official reserves of the main countries concerned. All the diversification required can be accomplished gradually in the course of normal trading. In general, sterling balances are now believed to respond to the same sort of pressures as other elements in U.K. reserve movements.

The belief is common in the foreign exchange market that a modest rise in the sterling rate would unleash heavy sales of official balances. But it is not shared at a policy-making level in London.

There thus appears to be no immediate intention to bring back anything like the 1969 guarantees of the dollar value of the officially-held sterling balances. These guarantees were tied to an undertaking by the countries concerned to hold minimum proportions of their reserves in sterling. Such undertakings would hardly appeal to the oil producers; and they would, in any case, not be applicable to privately-held balances.

Letters to the Editor

Professional engineers

From the National Office, Electrical and Engineering Staff Association

Sir—The article by David Churchill (June 8) listed unions in the recruitment of professional engineers. Once again, however, no mention was made of the Electrical, Electronic, Telecommunication and Plumbing Union's Electrical and Engineering Staff Association. It would seem that unless you make a lot of noise and are prepared to reduce this very important issue to a public brawl you are ignored by the media.

We believe that engineers want their affairs conducted in a professional and reasonable manner and because of this we have consistently refused to enter into the degrading spectacle of inter-union arguments. This fact has not however prevented us being very active in the field of recruitment and, understandably, when a union article makes no mention of the EESA a certain amount of resentment is forthcoming.

The point was made in the article that the Association of Scientific, Technical and Managerial Staffs, the Technical Administrative and Supervisory Section of the Amalgamated Union of Engineering Workers, the Electrical Power Engineers Association and to a certain extent the Association of Professional Engineers (Civil and Computer Staff), are not recruiting in the construction industry. Why not? The answer is that the EESA has already got a national agreement for electrical and heating and refrigeration staff in this industry. This agreement, which includes a carefully structured grading system, makes the EESA an obvious choice for engineers. Other industries already covered by agreements with the EESA include telecommunications engineers, business and industrial services, television, computer and also hospital engineers. Many engineers who have joined us have done so because they find their ideas compatible even politically with those of the Association.

At a recent dinner held by the Institute of Electrical Engineers, the views put forward by Mr. Frank Chapple, the general secretary on such topics as industrial democracy were very well received by the audience of professional engineers. We appreciate the concern many engineers show because they believe that by joining a trade union they will become a minority group with no real say in decisions affecting them.

The EESA, however, was not originally because the need of minority staff groups to be justly represented became apparent and it has proved time and again that protection for minority interests is possible even when larger organisations are involved.

T. Rice,
Hayes Court,
West Conyngham Road,
Bramley, W.6.

It is polite to say thank-you

From Mr. John Stokes, MP for Halesowen and Stourbridge

Sir—After thirty years involvement in industry and commerce I still find there is a gap between those who sell and those who produce. After a big order (particularly an export order) has been executed and despatched it is still comparatively rare for the sales director or the company sales manager to go on to the factory floor and thank all the operatives who manufactured what had been said. I am

Voices of Ulster

From Mr. John D. Taylor, former Minister of State for Home Affairs, Northern Ireland

Sir—Your leader (June 8) is an interesting contribution to the public debate about future constitutional developments in Ulster. In particular your conclusion in favour of a devolved system of government at Stormont will be welcomed by the vast majority of Ulster citizens.

You would be wrong to conclude that, as a result of the present SDLP Official Unionist talks, the latter party is better prepared to share in Cabinet with the SDLP.

I welcome your comment about the disproportionate influence of Ulster MPs in the Westminster Parliament and I hope that this means that you favour a renewal of the present "perry-andrew" against our part of the U.K. and that, having equal rights with all other British citizens, you will support an increase in the number of Ulster MPs from 12 to 22, which is our fair share.

John D. Taylor,
4 Mullinure Park, Armagh,
Northern Ireland

Banks' support for exports

From The Assistant Director, Banking Information Service

Sir—On May 29 your industrial staff reported statements from the Engineering Industries' Association criticising the Government, the CBI, nationalised industries, the Export

Credit Guarantee Department and the banks, for a variety of deficiencies. The banking industry in particular was singled out for directing "the bulk" of its lending to property companies and developers in preference to supporting exporters. This statement was not supported by any facts.

From the clearing banks' point of view the statistics (which are available through the Central Statistical Office to all, including the EIA) contradict this statement. In addition the banks have unflinchingly supported the official line in making export finance their first priority.

In May 1976, of a total domestic lending figure of £16.8bn., £5.1bn. went to the manufacturing and other production industries while a further £4.7bn. was provided for the services category—in all 64 per cent. of the total. This figure does not include finance made available for exports under the ECGD scheme. In contrast, only £1.4bn., representing 8 per cent., was advanced to property companies.

On the question of profits, both the Prime Minister and the Chancellor have, in recent weeks, stressed the necessity of maintaining a profitable private sector. Profitability is one of the cornerstones of confidence and it is this confidence, shared by depositors both here and abroad, which ensures that London retains its place as one of the two most important and respected financial centres in the world.

Inaccurate misquoted statements of the type by the EIA provide little comfort for our international financial friends on whose continuing support we must rely for some time to come. M. N. Eden,
10, Lombard Street, E.C.4.

Sales of reactors

From Mr. D. Streeton

Sir—Although one can only speculate on what might have happened if the U.K. had built light water reactors (LWRs) instead of advanced gas-cooled reactors (AGRs) we can, however, draw some conclusions from countries that have adopted LWR technology.

Mr. H. Hunt (June 2) mentions delays in the construction of some LWRs in the U.S. This is true, but these delays are more to do with changing licensing requirements and the actions of anti-nuclear groups than with technical deficiencies.

In other countries, notably Germany, Switzerland and Japan, the construction record of LWRs has been, and remains, excellent. Another important factor which has benefited some countries that have imported LWR technology is the opening up of export markets. In the past 10 years Germany has won major contracts in Brazil and Iran, while France has obtained large orders in the Middle and Far East, and just recently this country has not sold a power reactor abroad for the past 16 years.

Without doubt the U.K. has made major contributions to nuclear power technology, and, as Mr. Hunt rightly states, we should be proud of this fact. We must not, however, lose sight of the fact that commercial reward, in the fullest possible sense, must be the end product of any successful technology. In this regard we can learn very much from the experience of others.

Derrick Streeton,
29 Leinster
Way, Clifton, Bristol,
E.8 5JL.

To-day's Events

GENERAL

Public sector borrowing requirements (first quarter) published.
Mr. Ron Hayward, general secretary, Labour Party, addresses Post Office Engineering Workers Union conference, Blackpool.

General and Municipal Workers' Union conference, Bournemouth.
National and Local Government Officers' conference, Eastbourne.

Sir Lindsay Ring, Lord Mayor of London, attends Wheelwrights' Company dinner, Mansion House.
Dialogue at St. Margaret's, Westminster, 1 p.m. between Rev. Joseph McCullough, Rector of St. Mary-le-Bow, Cheapside, and Miss Mary Murdoch, writer.

PARLIAMENTARY BUSINESS

House of Commons: Two-day debate on Conservative election manifesto ends.

Commons Select Committee: Race Relations and Immigration. Subject: The West Indian Community.

House of Lords: Rating (Charity Shops) Bill and Local Government (Miscellaneous Provisions) Bill, committees. Atomic Energy Authority (Special Constables) Bill, third reading. Education (Scotland) Bill, consideration of Commons amendments. Debate on

BEC report, Schooling of Migrant Children.

COMPANY RESULTS
Electronic Rentals Group (full year), Guthrie Corporation (full year), Oxid Group Holdings (full year), RAO Group (full year), Tata and Lyle (half-year).

COMPANY MEETINGS
Albion and Sons, Kettering; 12. Automotive Products, Grantham; 12.55. BSC Inter-national, Birmingham; 12. Cadbury Schweppes, Great Western Hotel, E.C.12. Dale Electric, York; 12. Dutton-Forsyth, 4.5. Belgrave, 8 p.m.

Square, S.W. 12. Ellis and Goldstein, Barrington House, E.C.12. Laporte, Winchester House, E.C.12. Manchester, Lingers, Manchester, 12.30. Neill (James), Sheffield; 12. Portsmouth Water, Havant; 12. Viceroy Development, Swansea; 12.

MUSIC

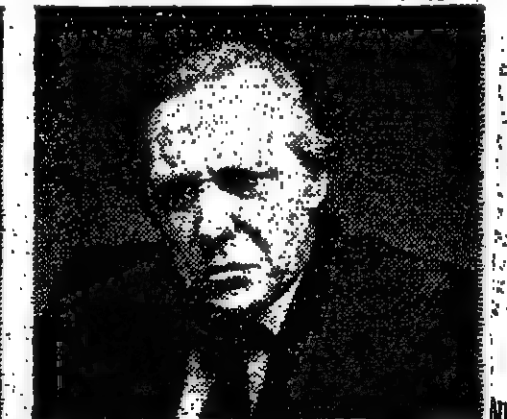
London Symphony Orchestra, conductor Claudio Abbado, with Janet Baker (mezzo-soprano) perform Mozart (aria from La Clemenza di Tito), Mahler (Des Knaben Wunderhorn—excerpts) and Bruckner (Symphony No. 7 in E), Royal Festival Hall, S.E.1, 8 p.m.



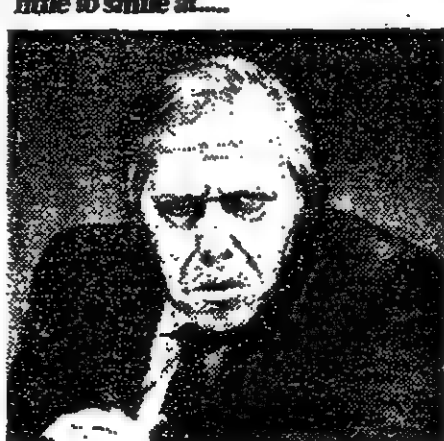
The way you buy steel leaves little to smile at...



You bought huge lots and stockpiled them six months ago...



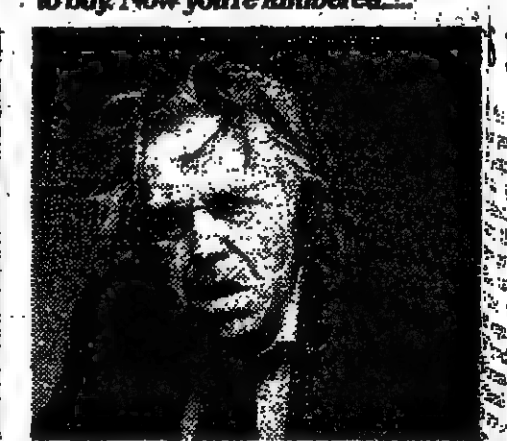
...and you borrowed the money to buy. Now you're lumbered...



...with interest charges...



...and storage costs...



...and processing costs...



If that's not depressing enough...



...much of that steel is now obsolete...



Surely there's a better way?

Facing facts about steelbuying could give British industry something to smile about. At first sight, buying steel direct and stockpiling it seems to make sense. But not to a hard-nosed cost accountant. The true cost of steel is what you pay for it, plus the cost of the money to buy it, plus the cost

to store it, process it and the cost of scrap. If industry bought steel as and when it needed it, tailor-made and delivered fast from the nearest Steelstock centre, it could save 20% or even more. There's a paper that proves it. It's free. Phone 021-556 1234.

GKN STEELSTOCK
pays for your steel until you need it

John Stokes

Phoenix first quarter jump

BIDS AND DEALS

Sun Life now has 35% of Artagen

SPEAKING AFTER an unevenful meeting yesterday, Mr. Philip Walker, chairman of the Sun Life Assurance Society, said his company had always intended to bid for Artagen Properties at some time. This had been the case since Sun Life took 25 per cent. of Artagen's equity as part of its £40m. funding agreement with the property company in 1973.

Asked if Artagen had been told of this intention at the time, Mr. Walker said it had not. Artagen might, however, have assumed that this was the long-term aim, he thought.

Mr. Walker said that he did not feel that entering the agreement with Artagen, without revealing an intention to bid, in any way broke the spirit of the agreement. He was asked questions about the "spirit" of the agreement since Sun Life has accused Artagen of breaking this spirit by not using the Sun Life funding solely for developing new properties.

Asked what would happen if Sun Life gained more than 50 per cent. of Artagen shares but less than the 90 per cent. of outstanding shares necessary to gain complete control and so cancel the funding agreement, Mr. Walker said Sun Life would then take direct management control of Artagen. He could not say at this stage what the future of Artagen's top management would be in this event.

Gaining majority control of Artagen but not outright ownership would still yield "substantial benefits" to Sun Life, he said.

The Artagen share price remained above the 84p bid price yesterday. At statement yesterday said that Sun Life's holding was now 19.75m. shares (35.25 per cent.).

The Artagen camp denied the report here yesterday that they might be prepared to agree to a shortening of the Sun Life funding after the bid was defeated.

WELFARE-KEITH & HENDERSON

Keith and Henderson announces that discussions are continuing with Welfare Insurance in order to obtain an offer at a level substantially higher than 80p and in the meantime, holders are advised to take no action in respect of their shareholding.

METALRAX PURCHASE

Metalrax (Holdings) has bought Commercial Bearings from Frederick Cooper (Holdings). The consideration is £184,000 in cash paid on completion and a further payment of up to £20,000 once the stock and work in progress as at May 28 has been finally evaluated.

Commercial Bearings, which has been sold to The Priority Rubber Door company, a subsidiary of Metalrax, has returned losses after interest over the past two years, because of a shortfall in orders.

KELLOCK PURCHASE

Kellock Holdings, an investment holding company, has conditionally agreed to acquire H. Morris and Sons, a subsidiary of Peak Holdings, together with its wholly-owned subsidiary Chamberlain Pole and Co. for a consideration of some £24,000. In addition, loans totalling £130,100 plus interest will be repaid by Morris to Peak. Both companies are engaged in whole sale distribution of net feeds and horticultural products.

RECENT ISSUES

EQUITIES									
1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
47	47	47	47	47	47	47	47	47	47

FIXED INTEREST STOCKS

1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
47	47	47	47	47	47	47	47	47	47

"RIGHTS" OFFERS

1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
47	47	47	47	47	47	47	47	47	47

Regulating date usually last day for dealing free of stamp duty. A Placing price is indicated. Figures based on prospectus estimate. Dividend rate and number of shares to be issued based on dividend and capital. Figures based on prospectus or other official estimate for 1976. Figures based on prospectus or other official estimate for 1976. Figures based on prospectus or other official estimate for 1976.

Reports to meetings

P & O looks to 1977

ADDRESSING THE annual meeting of P. & O., the shipping group, the chairman, the Earl of Inchcape, said that he remained confident that in 1976 the group would reverse the downward trend in profits experienced over the past 15 months.

However, he added: "I believe we should not look too much to the benefit flowing through to our shipping activities this year, but rather to a material improvement as we go into 1977." In the 15 months to the end of December 1975, pre-tax profits were £22.7m—before extraordinary items of £13.3m. related to provisions against the proper- ties held by the Bovis concern, acquired in 1974—compared with £22.5m. profit in the year 1973-74.

Discussing the signs of revival in trade, Lord Inchcape said that, as a largely international business, P. & O. would benefit from improved world trade. In terms of reported profits, there was certainly some credit available from a decline in the value of the pound in the light of the group's high earnings in overseas currencies. "On balance I see the advantages outweighing the disadvantages this year."

The previously loss-making passenger side was now performing on budget for 1976 and should see a return to profitability next year, said Lord Inchcape. The Board would continue to keep these operations under the most careful review.

Lord Inchcape declined to comment on a shareholder's suggestion that the group might raise £25m. by convertible preference shares; however, there appears nothing to suggest that such a cash-raising operation is contemplated.

Mr. Oliver Brooks, the finance director, replied to a questioner who suggested that the group was too highly geared with borrowings of £478m.—£288m. long-term and the rest short-term—guarantees of £45m. and capital commitments of some £200m.

He said he did not regard the borrowing figure as excessive bearing in mind the constituent parts of the business, in some of which high borrowing was normal in comparable activities elsewhere.

On the question of capital commitments, which worked out at an average of £50m. a year over the next four years, P and O looked to cover these from cash flow of more than £30m. a year depreciation plus receipts from sales of assets.

Reports to other annual meetings yesterday were as follows:

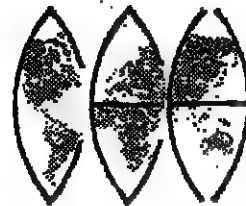
Camrex (Holdings)—Mr. Alex G. Cameron said that current order books were at a record level and profits for the first four months of 1976 were in excess of £600,000.

Combined English Stores—Chairman, Mr. Murray Gordon told holders that the results for the first four months of the current year reflected the difficult trading conditions referred to in his annual review. Although conditions were still difficult he was confident of a considerable improvement before the year end.

Tozer Kemsley and Millkour (Holdings)—Mr. Kenneth Thorogood, confirmed his statement in the annual report that the current year had started well and that he was hopeful of a successful 1976.

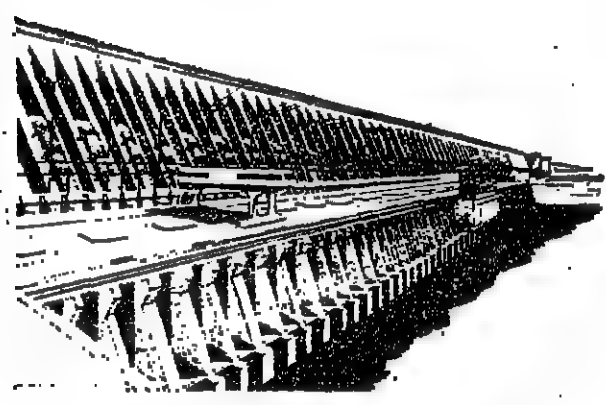
United Carriers—Results so far this year were encouraging and were proportionately ahead of those for the second half of last year.

Wadhams Stringer—First four months' profits were ahead of last year. Recently formed insurance broking company would in future make a useful contribution to profits. The company's financial position was strong and the Board had made long-term arrangements for the next 10 years.



C. E. Heath & Co. Limited Results mark an outstanding year of world-wide growth

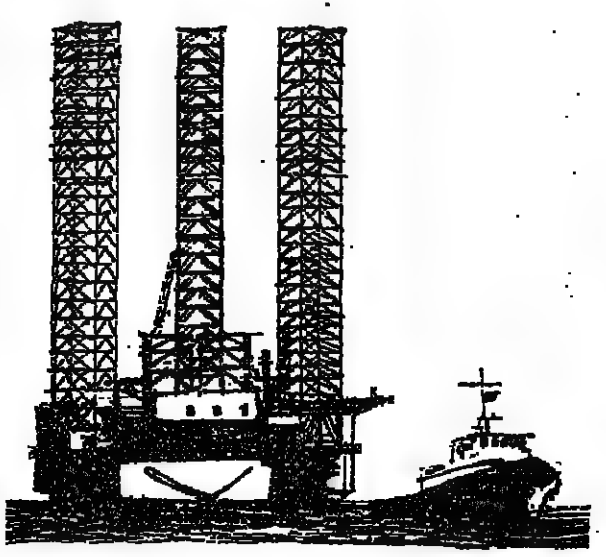
Operating profit up 79%



World's largest hydro-electric project on the Parana River between Paraguay and Brazil. C. E. Heath is the co-ordinating broker for the Paraguayan interests in this joint venture with Brazil.

In his report to the shareholders for the year 1975/76, Mr. F. R. D. Holland, Chairman of C. E. Heath & Co. Ltd. said "We have had an outstanding year. An indication of the growing international character of the Group is given by the fact that of the total broking income of £10 million, no less than £7.4 million was earned in dollars and other foreign currencies; and similarly, on the underwriting side £2,512,000 was contributed from overseas compared with £627,000 from the U.K.

The net profit available for appropriation amounts to £3,034,000, which represents an increase of 80.6%. This final dividend of 4.7008p. will make a total dividend of 6.6508p. net per share, the maximum permitted.

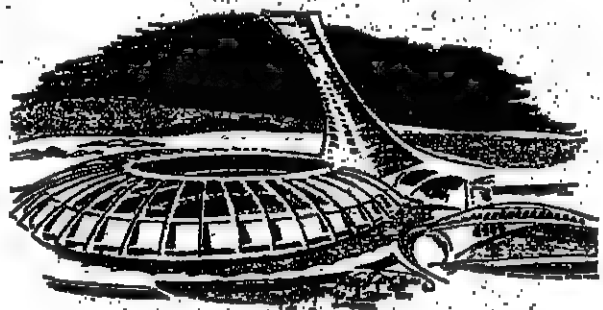
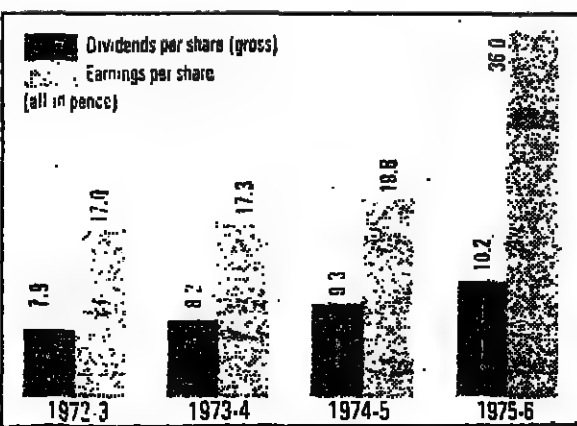
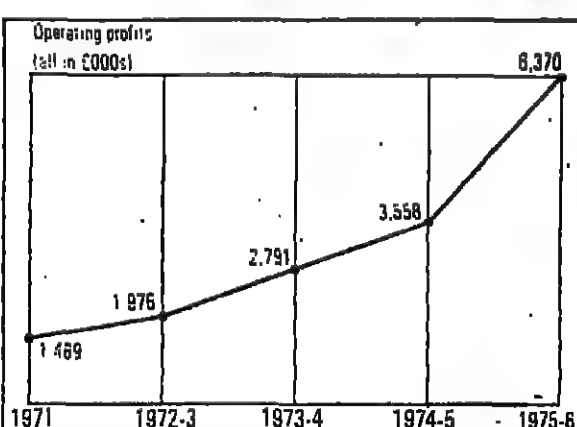
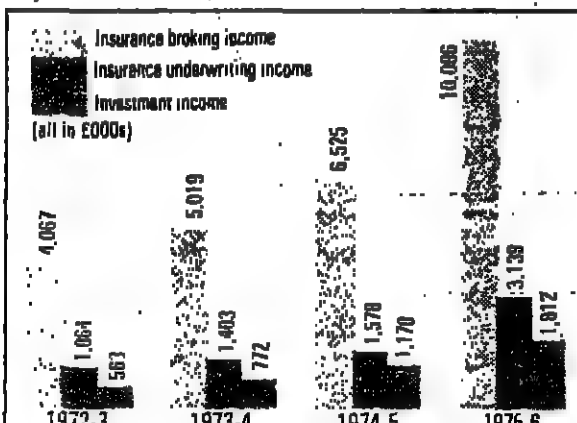


Global Transportation Organisation move jack-up oil rigs worth \$30,000,000 by loading them onto ocean-going barges and towing them upwards of 10,000 miles across the world. C. E. Heath have helped to solve the problem of insuring such voyages.

Insurance broking

The Group's broking activities have gone from strength to strength, the contribution to profits having gone up by 58.8%, clear evidence of a substantial addition of new business.

The growing importance of the reinsurance business handled by the Group is indicated by the fact that this now accounts for around 50% of total brokerage income.



The Olympic Stadium, Montreal. C. E. Heath have placed the major proportion of the insurance for the 1976 Olympic Games through Lloyd's.

Underwriting

The significant contribution to the growth in underwriting income was made by our Australian companies.

Future prospects

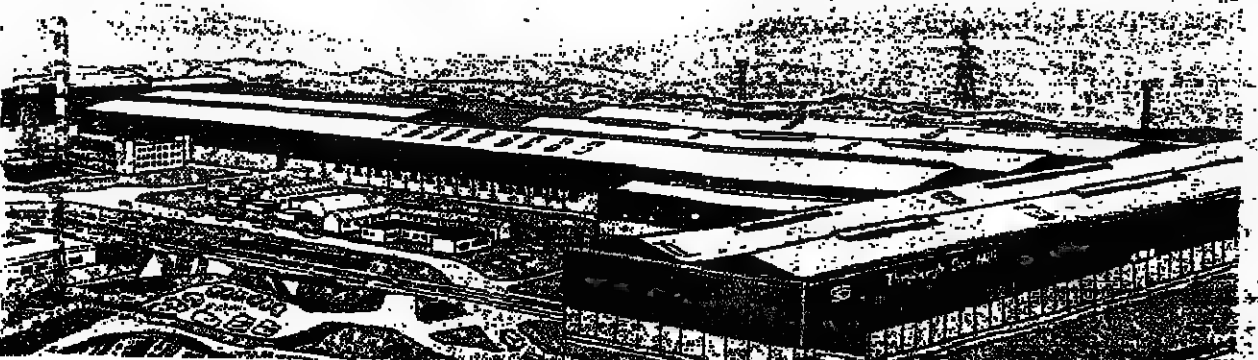
Although the year 1976/77 is very little advanced, I am glad to report the progress on the insurance broking side is being maintained. We are actively seeking fresh opportunities, particularly overseas. Here the development of our Australian broking operation is particularly encouraging, and we have high hopes for our investment in Abu Dhabi and Dubai in the Middle East.

On the underwriting side the prospects for the 1974 account which will be closed at the end of this year are not too bright but we are confident our underwriting operation in Australia will continue its profitable growth.

Finally, during 1975/76, we have been renovating our new Headquarters building, and from Monday 21st June we will be operating from Cuthbert Heath House in the Minories.

Copies of the full Report and Accounts are available from the Secretary, C. E. Heath & Co. Limited, Bankside House, 107/112 Leadenhall Street, London EC3A 4AJ. Telephone: 01-283 1020. New address from 21 June 1976: Cuthbert Heath House, 151/154 Minories, London EC3N 1NR. Telephone: 01-488 2488

British Steel Corporation's new £35,000,000 Thybergh Bar Mill at Rotherham—insured through C. E. Heath.



INTERNATIONAL INSURANCE BROKERS REINSURANCE BROKERS AND UNDERWRITING AGENTS

مكتبة الجول

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Steyr Daimler dividend cut by 1 per cent

BY PAUL LENDVAY

VIENNA, June 9

STEYR DAIMLER Puch, Austria's leading motor company, is cutting its dividend by 1 per cent to 5 per cent for 1975 despite a higher turnover. The company's 1975 dividend, announced today by Mr. Michael Maltzacher, director general, revealed that turnover last year rose by 8 per cent to Sch.3.9bn. (about £240m.). While domestic sales were up by 3 per cent to Sch.3.5bn, export earnings improved by 33 per cent to Sch.4.1bn. As a result, the export ratio rose from 58 per cent to 65 per cent of the total. Following a capital increase of Sch.200m. to Sch.1bn, the consolidated balance-sheet total rose by Sch.352m. to Sch.2.2bn.

Total production was lower in 1975. But during the first five months of 1976 turnover rose by 15 per cent, compared to the same period last year, and the outlook is for a similar rise throughout 1976.

Last year's performance was not uniform. Thus while sales of ball bearings as well as lorries and agricultural machinery rose by 14 per cent to Sch.1.3bn, and respectively by 10 per cent to Sch.3.5bn, turnover in the two-wheeler sector was down by 9 per cent to Sch.1.5bn.

Mr. Maltzacher announced that production and marketing will be streamlined. Turning to foreign business operations, he stressed that as a result of major cooperation deals with Bolinot, the Polish State motor concern, sales to Poland jumped by 80 per cent last year. Poland, Greece and West Germany were the most important markets in 1975. Sales in Africa (primarily Nigeria, Sudan and Tunisia) and in Asia also expanded, but there was a 33 per cent drop in the

ERAP-AQUITAINE OIL MERGER

France goes for the big time

BY RUPERT CORNWELL

PARIS, June 9

WITHIN the next month or so, if all goes well, France will have endowed itself formally with a second integrated international oil company to set alongside Compagnie Française des Pétroles (CFP). The cornerstone of the Total group.

On the face of it, last January's long-awaited decision to carry out a full merger of Société Nationale des Pétroles d'Aquitaine with its parent, Elf-Erap, looks an unexciting piece of commonsense. Erap, the latter's holding company, is fully owned by the French state and already holds 54 per cent of SNPA's capital, to strengthen those financial ties thus merely acknowledging the growing unification of the two on both industrial and management levels.

However, the deal is turning out to be much more than just a complicated accounting exercise, probably the largest of its kind since the BP/Sohio arrangements of a few years back. Political passions have been stirred as the French left, particularly the communists, seek to embarrass a government it might well topple in 1978's parliamentary elections, as well as add to the controversy surrounding the oil industry in France. In doing so, it has turned the spotlight firmly onto the ambiguous relationship between the government and the French oil companies, at the frontier of the public and private sectors.

Intervention

France has long been held up as the country that, at least in Britain, where state intervention in industry works best. In oil, though, it is perhaps the other way round, and many people in Paris connected with the Elf/SNPA merger are undoubtedly looking across the channel for inspiration. Their ambition is to create what amounts to a French BP, where the government is the dominant shareholder but permits management to operate on largely private lines.

But this will be easier said than done. France has long kept its oil companies on a very tight

rein—even CFP, where a distinguished private pedigree does not make up for the 40 per cent of its voting rights which are in government hands. With Erap, no confusion was ever possible: it was set up by de Gaulle in 1966 with the explicit aim of breaking the stranglehold of the Seven Sisters, the largely Anglo-Saxon majors, Aquitaine, too, as the company which operates the massive natural gas fields at Lacq in south western France—one of the country's few real indigenous energy sources—was never allowed to stray far. But quite apart from the duplication inevitable in the merger between SNPA and Erap, this deep official involvement has bred its own problems.

In the first place, the French authorities have come to realise that the state-state approach to oil matters which they were once so enthusiastic about, is after all probably not the ideal. The most dramatic illustration was in Algeria, where the sensitive Boumedienne regime regarded Elf-Erap as the Quai d'Orsay in disguise. CFP, where private blood runs thicker, never had the same difficulties in re-establishing ties after the nationalisation of the Sahara oil fields in 1971. More generally, Paris has come round to the view that oil companies can be a useful buffer in times of political or diplomatic trouble—and often supply the oil more cheaply.

But the biggest snag has been financial. Erap, though under government control, has lost its direct government funds, and in 1974 and 1975 has in fact had to pay a dividend to the state. Its bank borrowing had reached dangerous levels, to the point where executives warned that if it found another Elf-Erap as the Quai d'Orsay in disguise, it had better sell off its assets.

The lack of funds has perforce handicapped Aquitaine: for years the company has been unable to turn to its shareholders for money, as Erap could not have taken up its entitlement, thus leaving the spectre of the State's majority becoming a minority.

The only way out of the dilemma, therefore, was to merge the two in such a way as to guarantee public control, yet at the same time offering private shareholders a decent return on their investment, and the feeling that they were not pawns of the State. The arrangements worked out by the Boards of SNPA and Erap, with the help of six months' solid work by 26 expert accountants from Société Générale and Chase Manhattan will, it is hoped, do the trick.

Erap will make over all its exploitation, production and refining subsidiaries (mostly

the rapidly growing interests of Elf-Erap: a crude output of 19.5m. tons in 1975, and fields or 60d, in a dozen countries across the globe—including large stakes in the major North Sea oil and gas deposits of Ekofisk and Frigg.

In addition, Elf holds 23 per cent of the French refined product market. Then there are the non-oil sectors: Aquitaine's burgeoning pharmaceutical division, petrochemicals and its 50 Sociétés Générales and Chase Manhattan will, it is hoped, do the trick.

The valuation, established on the discounted cash flow basis held most suitable for the oil industry, comes out far in Aquitaine's favour. Though by most yardsticks a larger company, Erap's value is set at Frs.12.3bn. (£1.5bn.), little more than half SNPA's Frs.23.3bn. (£2.9bn.). The difference is due to the fact that Erap produces a much larger share of the former's oil reserves, and the losses incurred by its refining sector. Underlying assumptions include an annual inflation of 8 per cent, and in Chase's case, the view that oil prices will remain unchanged for the next five years.

As further sweeteners, the government has pledged to continue the hitherto generous dividend policy of SNPA, while Erap has undertaken to treat its new shares as a frozen financial investment. Meanwhile, the government is dropping hints that it will link with the current system of import licences to ensure Elf-Aquitaine a bigger slice of the domestic market—to the fury of the subsidiaries of foreign oil companies operating in France. All this, it is hoped, will produce a favourable enough climate for a rights issue by SNPA within two or three years.

On that occasion, even if Erap does not take up its full entitlement, there is no risk of its stake dropping below the 50 per cent mark.

These elaborate plans are anything but the liking of the majority of the Left, whose electoral platform includes nationalisation of most of France's



M. Michel d'Ornano, Minister of Industry and Energy.

under the Elf label to Aquitaine, which will change Erap to Société Nationale Elf-Aquitaine (SNEA). In return it will be repaid with new Aquitaine shares, lifting its stake in that company to 70 per cent, from 54 per cent, the powerful integrated group will have net assets of more than Frs.8bn. (£950m.). Under its umbrella will come not only the major interests of the old SNPA (LACQ and promising oil fields in Canada and elsewhere), but

What the Alcan strike could cost

By Robert Gibbons

THE STRIKE situation which has closed down two-thirds of Alcan Aluminium's 1m. short tons Canadian smelting capacity was unchanged today.

Industry sources in Canada and the U.S. believe the strike is mainly wages, may last a minimum of six weeks. Assuming the 5m. shares stock issue goes ahead and resulting dilution most analysts had figured Alcan would earn about \$0.155 a share on a consolidated basis in 1976 against 65 cents in 1975. The final quarter this year was expected to show a sharp increase. Analysts now believe the strike could cost between 50 cents and \$1 a share in 1976 which would mean that total earnings could work out between 75 and 90 cents for the year. However, industry analysts stressed the difficulties of assessing the length and effects of the strike.

The North American producer price is now 44 cents a pound of ingot. Some observers believe that this discounting will rapidly disappear, world inventory will shrink and supply bottlenecks widely expected in the second quarter of 1977 will arrive much earlier.

In the first quarter of 1976 Alcan earned 31 cents a share against 31 cents a year earlier, blaming the poor showing on losses in Japan and Jamaica. However, in April it expected "a favourable trend" later in the year, partly because some material costs were coming down. In 1975 the company earned 65 cents a share against \$4.11 in 1974.

AP-DJ adds: Alcan plans to continue indefinitely to operate the Kilmat smelter a spokesman said today. The company has said it has no intention of reopening negotiations on a two-year agreement signed in January with the union.

Reuter adds from Vancouver: The 1,800 workers employed at the Kilmat smelter voted today to continue their defiance of a provincial Labour Relations Board order to return to work.

Official view

Be this as it may, things are not going to change. In an interview this month the Industry Minister M. Michel d'Ornano set out the official view in unmistakable terms. Short of a European energy policy, for which we have made proposals, we will not change our own policy. The French companies must serve the interests of France. What matters is not the companies, but the security of oil supplies for the country. He goes on: "The revenue didn't have Elf take over SNPA was that it would have cost the Government \$150m. to buy up outstanding shares." In other words, therefore, the aim is to replace the Government by the house as a major source of fresh funds, but it is hardly a charter for a French BP.

Wall Street merger

MOSELEY, Hallgarten and Estabrook Inc. and C. B. Richard, Ellis and Co. said their agreement to merge in a \$200m. deal.

The combined firm will continue to be known as Moseley, Hallgarten and Estabrook Inc.

Alfa Romeo loss

ALFA ROMEO spa sustained a loss of £34.7m. in 1975 (£2.04bn.). Reuter reports from Milan.

Total group turnover rose to £400m. from £360m.

Air Liquide forecast

AIR LIQUIDE Chairman Jean Delorme told the annual meeting that sales should be better this year than in 1975, provided present conditions are maintained. Reuter reports from Paris.

Deutsche Bank listing

SHARES of the Deutsche Bank will be listed at the Amsterdam Stock Exchange from June 16 next, AP-DJ reports.

EDF Euroloan

A SYNDICATED Euro-currency loan to Electricité de France will be increased to a minimum of \$400m. from \$300m., a source close to the syndicate manager, Credit Lyonnais, said. AP-DJ reports from London.

U.S. \$36m. for K Mart

GOLDMAN SACHS International Corporation and Union Bank of Switzerland (Securities) as joint managers of the underwriting group, has announced the proposed offering in Europe of U.S.\$36m.

JANE'S MAJOR COMPANIES OF EUROPE 1976

Edited by Jonathan Love

Who are the directors and major shareholders? How many employees and what are their average earnings? What is the capital structure? How have their share prices varied over the past 10 years? What is their turnover, home and export? How does not profit compare with previous years? What are their products and subsidiaries? Where are their offices and factories located? What are the total assets employed?

Answers to these and many other vital questions on key European companies are found quickly in Jane's Major Companies of Europe 1976 which provides reference to over 1,500 companies and more than 1,000 detailed company articles.

Authoritative, immediate reference invaluable whenever questions on share prices, advertising and finance are being considered.

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JANE'S YEARBOOKS.

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Weekly net asset value

on June 7th 1976

Tokyo Pacific Holdings N.V.

U.S. \$ 36 69

Tokyo Pacific Holdings (Seaboard) N.V.

U.S. \$ 36 76

Listed on the Amsterdam Stock Exchanges

Information File on London & European N.V. Heringhuyzen 24 Amsterdam

Chrysler France recover

BY RUPERT CORNWELL

PARIS, June 9

THE VIGOROUS recovery by Chrysler-France, thanks to the introduction of new models and the sharp upturn in the European car market, has been spelt out here by the company's president, Mr. John Day.

After cumulative losses totalling over £22m. (£22m.) in 1974 and 1975, Mr. Day told shareholders at the annual meeting today that Chrysler-France had broken operating at a profit since the final quarter of 1975, and the trend was continuing.

He attributed the reversal to the boom in the domestic market where, which has seen car sales almost back at their pre-crisis levels. However, the success undoubtedly due also to the imports made by the 1307 and 1308 models, now manufactured in the U.S. under the Alpine mark.

In the first five months of this year, output rose in volume by 52 per cent, to 233,000 units, exports jumped 20 per cent,

All these securities have been sold. This announcement appears as a matter of record only.

Aker to consider new proposals for Reksten

BY FAY GJESTER

NORWAY'S AKER shipbuilding concern may have to reconsider its decision not to accept a share in the new company, Trajan, to be formed by the troubled Hilmar Reksten shipping group and its major creditors.

The Board of the State-backed Loan Guarantee Institute for ships and drilling rigs, run by which the group is seeking loan guarantees totalling some Nkr.500/700m. last night considered revised proposals for a reorganisation of the Reksten company's structure—including the formation of Trajan. Though details have not yet been officially revealed, it is understood that the Board has decided in

principle to grant guarantees for the full amount requested, but only if both major creditors—Lambros Bank of London, and Aker—take part in the new company and agree to reduce their claims on the Reksten Group.

A spokesman for Aker said this morning that the concern has not yet been fully informed by the Institute about the revised proposals, but it would consider them "carefully."

It is believed that the proposed reorganisation would leave intact the only Reksten company now listed on the Oslo stock exchange, A/S Hadril, and that Hadril would retain its present fleet of four super tankers. Some

OSLO, June 9

Nkr.500m. of the loan guarantees now being sought would be used to help keep Hadril in business while the rest would go to the new company, Trajan, which would take over most of the other ships in the Reksten fleet.

Meanwhile, Bergen police are today continuing their search of ship-owner Hilmar Reksten's home and offices at Fjøsanger, near Bergen, in connection with the charges against him of violating tax and currency laws. Assisted by experts, the police are looking for documentary evidence of the violations.

Commenting on the Reksten enquiries, a senior Bank of Norway official said there were indications that other shipping companies had also evaded tax and currency rules, though the Reksten case was unique in its magnitude. The official, Mr. Per Steina, said the Bank was now looking more carefully at information provided by shipping companies about their overseas interests, and it had asked a number of them to supply additional details.

Ataka announces a reshuffle—and results

BY PETER DUMINY

TOKYO, June 9

MASAO ICHIKAWA, president of Ataka announced a reshuffle of management at a Press conference, paving the way towards the proposed merger with U. Itoh.

Ichikawa said a consortium of financial supporters has decided to send four executives to Ataka to assume the posts of president, vice-president and managing directors.

He said 18 of the company's 25 present executives—including Itoh—will resign from Ataka's Board of directors.

Ataka's troubles began after its American subsidiary, Ataka America found it was owed more than \$300m. in credits and payments in arrears by Canada's Newfoundland Refining Company (NRC) last year.

The problems of Ataka are illustrated by the results for the year ended March 31.

Among other things, the company reports a loss of \$19.7m. even after showing \$44.7m. profit from the sale of securities, plus \$18.2m. as profit on disposal of fixed assets (including the Osaka

head office, sold to Ataka Real Estate).

The management changes are part of the pressure on Ataka to reorganise its affairs, which in turn may mean that revelations are fuller than they would otherwise be. There is also a need to impress the seriousness of the situation on the approximately 3,000 employees, numbers of whom must shortly be persuaded to accept retrenchment.

Sales were 4.6 per cent lower at \$8.8m., yielding a loss at the trading level of \$2.7m. (previous year, profit of \$97.5m.). After interest (net) and other non-operating items, the loss increases to \$55.0m. (profit of \$18.8m.). At the level nearly \$34m. has already been taken in as profit on liquidation of securities.

The rest comes in with non-recurring items, which produce a net plus of \$29m. The final dividend is passed.

The balance sheet shows a somewhat pared operation, with reductions in short-term borrowing (to \$850m.) and more particularly other short-term liabilities. However there is nothing to indicate that the accounts reflect the full \$300m. loss incurred in the Newfoundland refinery collapse, all of which may still be on the books of a subsidiary.

Crumbs of comfort to come from the report include the forecast that sales should be maintained in the current year and that a loss of \$33m. before non-recurring items, expected in the first half, may see the end of the loss-making run.

NIB elects top men

BY LANCE KEYWORTH

HELSINKI, June 9

AT ITS founding meeting here today, the Nordic Investment Bank (NIB) elected Mr. Herman Skandland of Norway, chairman of the Board and Mr. Bert Lindstrom of Sweden, managing director. The bank will be domiciled in Helsinki for the moment in temporary premises.

The idea of a Nordic investment bank was first raised about 20 years ago, but the final details were settled in the past two years. The purpose of the NIB is to provide loans and guarantees for investment projects of common Nordic interest. These will be issued in accordance with normal banking practice. The NIB's basic capital is \$400m. SDR (IMF special drawing rights) about FM1.8bn (£264m.) at the current rate of exchange.

The shares of the bank

exchange. The shares of the bank

45 per cent; Denmark 22 per cent; Norway and Finland 11 per cent; Iceland 1. The NIB's rules permit it to grant loans and guarantees to a total of 2.5 times its bank capital. It may borrow in the international capital market for credit business within the Nordic countries.

For the present at least, the NIB will not grant loans for export or import financing. A third country, that is, a country outside the Nordic Union, Norway, is adamant about this, and any change in attitude would require a political (parliamentary) decision. Finland has stipulated that it will not finance its large joint projects with the Soviet Union from the NIB.

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June 9, 1976

BOOKS

Shrewd observer

BY C. P. SNOW

Special Envoys to Churchill and Stalin: 1941-1946 by W. Averell Harriman and Elie Abel. Hutchinson, £5.95, 595 pages.

Listen to Averell Harriman on Stalin:

"It is hard for me to reconcile the courtesy and consideration that he showed me with the ghastly cruelty of his wholesale liquidations. Others, who did not know him personally, see only the tyrant in Stalin. I saw the other side as well—his high intelligence, that fantastic grasp of detail, his shrewdness and the surprising human sensitivity that he was capable of showing, at least in the war years. I found him better informed than Roosevelt, more realistic than Churchill, in some ways the most effective of the war leaders. . . . I must confess that for me Stalin remains the most inscrutable and contradictory character I have known—and leave the final judgment to history."

That, in this new book about his wartime experiences. He is the only man still alive who knew all three leaders. He was the coolest headed of all special emissaries, and the one least preoccupied with his own fortunes. He was—and no doubt still is, since he is still with us—the revered father figure of liberals in the Democratic Party—immensely rich, and as with a certain number of the best rich men, this helped put him above the battle. He got on to good human terms with the main figures of the 1945 Labour Government here. For a long while he got on better with Russians than any highly placed Anglo-American. He is not only seriously intelligent but also, and this was often more important, by nature disinterested. The world of his time and ours was lucky to have him.

The way he has issued this book is characteristic. He hasn't written it himself, but entrusted it, in a fashion either lordly or self-effacing, to a skilled and widely knowledgeable diplomatic journalist, Elie Abel. Mr. Abel has been given access to the Harriman archives, and all the time Harriman has been close to the final production. Occasionally Harriman has inserted reflections, such as the one I have quoted.

The total effect is rather odd, and unlike all the other war memoirs by high-level participants. Mr. Abel's technical device of writing about Harriman's doings in the third person takes away, as it could help doing, from immediately, but adds to an atmosphere of detachment and

insight, often of wisdom. There is unlikely to be a better book about the goings-on in the highest circles of the anti-Hitler combination.

Harriman's judgment, as tested by how the results of prediction turned out in fact, was usually much better than that of Roosevelt or Churchill. It was out of comparison better than that of the Anglo-American military authorities, who were crazily and confidently wrong about the Soviet-German war until the time (July 1943) when the Soviet Army had won it.

Harriman was not infallible and shared some of his boss's illusions. Incidentally, he seems always to have been puzzled, and often exasperated, by Roosevelt. He found him maddeningly vague, frequently ignorant, far too certain that major world problems could be settled by a bit of genial man-management, as though he could handle Stalin like another Mayor Daley. Yet there were flashes of political imagination denied to Churchill or presumably to Harriman himself. Sometimes, though, it wasn't the flashes of imagination, but the prejudices and inflated optimism which infected Harriman. He accepted Roosevelt's grotesque underestimate of De Gaulle and the total misreading of political France. It really wasn't very

sensible to imagine that if one waved an American flag, the loyal French would remember Lafayette and promptly rally round the somewhat unlikely person of General Giraud.

In his first visits to Moscow, Harriman was also a little influenced by another illusion. Which was that Stalin was likely to be overruled by some invisible power bloc of colleagues, possibly a faction more powerful than himself in the Politburo. We now know for certain that this was so much nonsense. It arose because of Stalin's habit of conducting an initial interview temperately and politely, even though his visitor, as it might be Churchill or Harriman himself, brought bad news, as they usually did, such as that the West couldn't fulfil an engagement. Then next day the weather would change. The politeness became just formal. Stalin broke into the sardonic reproaches at which he was a master. The view in London and Washington was that he must be doing this under instruction.

Harriman, almost alone among western observers, began to detect that Stalin, in spite of his controlled will, wasn't immune from moods—and moods which varied with his passionate suspicions. Since Harriman's time, we have learned something of Stalin's final years, and there are displays of violent rancour fit into the psychological structure. And so do the occasional fugues of baseless hope, as in August, 1941, thinking that Kiev would be saved, or baseless gloom, as in June, 1943, savage with the West for not taking action, obviously because he was waiting for the threatening German offensive, and not realising that his armies were within weeks of beating the Germans in the field, and of putting the whole power in his hands. That moods in Western statesmen were very slow to realise, and it was not immediately seized on by Stalin himself.

It will be a long time before Stalin is written about with any genuine comprehension, and it will be as difficult as getting Peter the Great into any sort of perspective. This may not happen for 50 years. When it does, Harriman's will be the most valuable, and certainly the most objective, source provided by a Western observer. As Harriman says, he can't make up his own mind, and has to leave it all to history. That will depend on what sort of society is, supplying the history, and who is deputed to write it.



Averell Harriman: sources of power



Muriel Spark: life among the rich

Up at the villas

BY ROBIN LANE FOX

The Takeover by Muriel Spark. Macmillan, £3.95, 266 pages.

Three villas stand side by side on the hills above Italy's Lake Nemi. Between 1973 and summer 1975, they are taken, or taken over, by tenants of varied sexual and financial morals. In number one, lives Hubert Mallandine, a homosexual whose relationship with Maggie, globally rich owner of all three properties, is not as pure as you might expect. In number two lives young blonde Mary, from California, married to Maggie's son, who has a way of being present. Eager, fresh-faced, one feels, at least until a sudden pounce by Laura, the sex-free housewife, finds her about as resistant to others' advances as the partner in her year-old marriage.

The Bernardinis, in number three, are very, very rich and not altogether sure that they will escape the murders or kidnappings as Italy's old order breaks down. Emilio, the father, fancies Nancy, the English tutor; Letizia, the daughter, puts drug-addicts on to the terrace; and in the garden, but not in the villa, as she fears for its opulent contents.

The plot has the quality of pure unpredictability. One fraud follows another until fake and reality are confused in most of the character's minds. Two Jesuit priests (they like to hunt in pairs) find in and out of their minds in the story which are not drawn together by Maggie's mesmeric riches or Laura's shameless rancour. International calls fly from lawyer to lawyer, dodging tax like swallows between river-banks. There is kidnapping and a fuss over tenants' rights. There is even a religious revivalist meeting where Hubert stands forward as the priest of Nemi's old pagan Diana. Tongues are not the only organs to be unhooked in the process.

Like some ancient priest of Diana in Nemi's woods, waiting for the fugitive slave who would burst into the temple's clearing and fight to the death for the right to serve the goddess, you may be feeling that you have

travelled through this exotic landscape already. An early-middle period Irish Murdoch in many ways, yes, but there is less irony, less character and the wit is more coloured, less intellectual. There is also the stronger hint that worlds, not only individuals, are falling apart. The oil-crisis of 1973 attracts an unusually thick patina of deservative comment: 1972 and 1975 see assets switching from Italy to Zurich through the hands of Cocco de Renaut.

The Communists are at Italy's door, and Maggie's title to all three villas is deemed "abusive" by the Italians among whom Laura finds a plump bride. There is more here than can be cured by Hubert's tranquilliser or by the Brotherhood of Diana and Apollo, in whose bogus folk-tale Hubert almost believes.

Muriel Spark's imagination needs no comment from me, and her quick exchanges and switches of scene have dazzled her readers often enough without seeming stale. Nemi, too, is a magical place, despite the chilly prose of the Golden Bough which she quotes at some length, perhaps with a taste for it. The Takeover will find a place in many summer suitcases, but it leaves this reader without a sense of contact with its story or its participants. No doubt this is the fault of one who does not live in Italy and who has read too many novels set among expatriates who are sealed off from their surroundings. Nor do I value pure fiction so highly. This novel seems to me to be too detached, with none of that love (which I do like) for its people, however monstrous.

The financial and legal tangle and froing of groups who are faintly rooted in their highly coloured world is too cold a theme to show off Muriel Spark's detachment at its best. The effect of inflation on more objects is less interesting than the far band of objects of inflation and doom-talk on groups of human beings. The Takeover is quick and smart, but even as a tale, it is too cynical in carry conviction.

Sad man

BY MARTIN SEYMOUR-SMITH

Waiting For Sheila by John Braine. Eyre Methuen, £3.25, 186 pages.

The Last Summer of the Men Shortage by Geraldine Hall. Constable, £2.95, 211 pages.

The Old School by Neil Rathmell. Faber & Faber, £3.95, 207 pages.

The Cruise Test by Mark Nelson. Macmillan, £2.95, 190 pages.

I have always believed, apparently heretically, that John Braine's second novel, *The Viceroy*, was his best. This explored strange territory, and seems to me to be more convincing than the rather defiant "old-fashioned" realism of *Room at the Top* and its similar successors.

Waiting For Sheila is again realistic, and again I think it raises more psychological questions than it can properly answer. But no one can accuse John Braine of being boring or unrelatable, when he is not being over-strident about the permissive society, of being unintelligent. And in this new, quite short novel he has kept both the issue of modern degeneracy and the matter of the Roman Catholic religion right out of the picture. This is a relief, for in the case of Mr. Braine (though not in that of Greene or many others) the things he believes in tend to obtrude into the imaginative texture of his work.

Sheila is the beautiful and faithless wife of Jim Southwate, who comes from the north and has made it to the top (a high position in a large department store). Jim lives in the right house in the right town in the right way, but there is less irony, less character and the wit is more coloured, less intellectual. There is also the stronger hint that worlds, not only individuals, are falling apart.

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Two of them. In the days of appeasement Cazalet became more sympathetic to Lord Halifax and Neville Chamberlain. Of Chamberlain he wrote: "He is incredibly simple, perfectly charming to everyone, but overwhelmingly shy. He has a horror of emotion and hypocrisy." During the War, Cazalet was hostile to Sir Winston privately, though not in the House of Commons. He wrote of him to Halifax in 1942: "I am now all depends whether he is going to use his War Cabinet as War Cabinet and share responsibilities with them, or whether he is going on in the old way driving every day nearer to dictatorship." A curious vision, in wartime Britain was coming mainly from Washington and Moscow, once they were enthralled, Ten Downing Street had its policies, but they were only sometimes accepted by the Allies.

Mr. Robert Rhodes James has written an admirable biography, drawing on Cazalet's journals and letters about his early days at Eton and Oxford and his arrival in the First World War at Arras, Vimy and elsewhere. During the Russian Civil War after the Revolution, a long visit to the White Forces in Siberia followed. The Cazalet family, who were of Huguenot origin, had Russian connections; but Victor was not disillusioned by the poverty and incompetence of Admiral Roichka's forces. He was equally disappointed when he later went to Soviet Russia in the 1930s. But his enthusiasm for liberty did not abate. Surprisingly one of the best tributes on his death was written by Hugh Dalton to Victor's sister, Thelma Cazalet. "I shall miss him much. I found in him not only charm, and ease, and wit, and courage, but a very wide humanity and a character most sensible to the sufferings of others."

problem—the nature of which I will not disclose here, except to say that it has something to do with size and pride—which is really very ordinary and very boring. The descriptions of the sexual act, of which there are a number, are in some indefinable way exceedingly unpleasant.

But does Mr. Braine want Jim to be like this: a boring man with boring hang-ups and an inability to deal with a peculiarly nasty bitch? I think that perhaps he does, and that he has been very courageous in giving his reader no direct indication of the fact. This sort of reticence is hardly something one would expect of Mr. Braine, but it certainly adds another dimension to his work. For instead of raging at the world for being immoral, for practicing birth control, for practicing murder, and so forth, and so on—he has given us a vivid glimpse into a wrecked life led by a fairly odious and certainly stupid man. So that haunting the book there is a sense of decency: our relationships, even in this different and in many ways horrible world, don't have to be as foul as Jim's are. So that many readers who don't care too much for John Braine may find this novel very different from the others he has written. It solved his problem; but he has made a gallant attempt.

The Last Summer of the Men Shortage is by an Australian writer, author of three previous novels. These were about Thailand and India, this new one goes back to the Australian scene in the last years of the war.

Dinah, an aspiring writer (the passages about her early attempts are very funny), is awkward, clumsy and innocent. She is much nicer than the girl with whom she shares a flat, Claudia, but not half as clever with men. By ill luck she meets a sadistic bully, Andrew, who tries to find her a man friend. His reasons become apparent in due course. Dinah is far less superficial than all her friends (though, with one surprising

exception, they are all really her betrayers), but she is much less good at coping with life. The story of her coming to maturity—which is the real subject of this witty and nostalgic novel—is both moving and convincing. The Australian background is well sketched, and Australia can boast of Patrick White, Christina Stead and Leonard Mann (a neglected latter-day Dreiser), not to mention others. It can also boast of Geraldine Hall, and especially of her "fine unobtrusiveness": she is a very accomplished novelist.

The Old School is Neil Rathmell's first novel. It is about a small, private preparatory school and the term spent there by a young man who has not much enjoyed teaching at a Liverpool secondary modern. (I shall not cast the first stone.) Passages of it are very well done, and show Mr. Rathmell to be a novelist of promise; others are weak and badly handled.

The personality of the protagonist, and his relationship with his girl, are both described, though the author were not in the least interested in the subject. But the mad headmaster (a nice man) and his equally mad deputy (a monster), are fairly portrayed, and are some of the best relationships between the boys.

And Mr. Rathmell is excellent at conveying the atmosphere of a small preparatory boarding school. Some of us have been tortured at such places, and the author shows us why. I declare that I was back, which is a tribute to an interesting new corner—though I can't thank him for the dream.

Mark Nelson is the pseudonym of a very successful adventure novelist. *The Cruise Test* is a thriller, which has a particularly good twist at the end, should bring him in many more readers. A power-mad tycoon leaves a number of his top employees in a "luxury yacht" without a crew and in a geographical position unknown to them. He is a formidable antagonist, but does he win this time? A good read.

coolly give foreigners wrong nevertheless believe that this system is better than what goes on outside. Yet, as Smith points out, get a Russian in a quiet corner, and his first instinct is to be friendly, which could be why the Kremlin is nervous about permitting too much contact with visitors.

Another good point from Smith is that Russians view all relationships as a test of strength, which makes détente difficult. Not very encouragingly, he concludes that the Russians are unlikely to change. Kaiser takes the more optimistic view that once the West understands that insecurity rather than aggression lies behind Soviet foreign policy, East-West relations will take a big step forward.

Like most books cover much common ground, even the same jokes, and it seems a pity to have to choose between two such panoramic and absorbing works. But Smith, to my mind, gives the fuller—and more thoughtful—coverage, and two passages on Solzhenitsyn, Sakharov, and the dissident movement are some of the best of their kind that I have read.

U.K. ECONOMIC INDICATORS

	1976				1975			
	May	Apr.	Mar.	May	Apr.	Mar.	May	Apr.
General								
Unemployed ('000s)	1,271.8	1,281.1	1,284.9	850.3	899.7			
Unfilled vacancies ('000s)	124.4	119.7	109.0	164.1	173.4			
Currency reserves (£bn.)	5,423	4,848	5,903	6,491	7,132			
Bank advances (£bn.)	14,196	14,008	14,317	n.a.	n.a.			
Basic materials (1970=100)	264.7	273.7	261.5	232.9	231.9			
Mand. prods. (1970=100)	211.2	208.3	207.3	182.3	179.0			
Terms of trade (1970=100)	80.2	81.3	81.3	79.1	78.1			
Retail prices (Jan. 1974=100)	153.5	150.6	149.8	129.1	124.3			
Wage rates (July, 1972=100)	207.8	206.3	205.1	169.1	166.1			
Retail sales vol. (1970=100)	195.3	188.3	189.6	184.4	166.3			
HP debt (£m. 1/2)	2,323	2,297	2,296	2,290	2,265			
Industrial output (1970=100)	101.0	101.6	100.7	102.4	103.0			
Trade and Industry								
Cars ('000s)	122p	104	116	68	112			
Commercial vehicles ('000s)	32.5p	29.8	31.5	30.0	35.0			
Imports f.o.b. (£bn.)	2,204	1,922	2,019	1,490	1,749			
Exports f.o.b. (£bn.)	1,849	1,906	1,847	1,386	1,494			
Visible trade balance (£bn.)	-0.355	-0.16	-0.172	-0.304	-0.255			
Steel, weekly average ('000 tonnes)	457.4	453.6	428.0	424.8	471.0			
Houses completed ('000s)	25.3	28.7	25.3	25.2	23.6			
Bricks (millions)	461	493	454	634	621			
Cement, weekly average ('000 tonnes)	297	330	291.3	327	314			
TV sets ('000s)	168	205	180	263	239			
Radios, radiograms ('000s)	217	248	331	479	387			
Union politics (1970=100)	158	169	161	145	149			
Hosiery (1970=100)	81	80	86	89	92			
Man-made fibres (m. kgs.)	54.1	52.3	53.3	44.3	43.0			
Petroleum (m. tonnes)	8,005p	7,413	7,517	7,22	7,59			
Electric cookers ('000s)	70.4	88.0	73.5	75.2	77.5			
Washing machines ('000s)	74.7	96.2	80.3	91.8	87.2			
Machine tools (£m.)	27.8	27.2	27.5	27.2	24.7			
Raw cotton, weekly average ('000 metric tonnes)	2.37	2.39	2.38	2.13	1.98			
Raw wool (m. kilos)	8.6	10.0	9.8	9.1	9.0			
Engineering, orders on hand (1970=100)	96	97	96.5	122	122.5			
Consumer spending (£bn., 1970 values)	8,870p	8,804	9,041	35,413	35,607			
Motor trade turnover (1972=100)	165	133	137	142.2	119.2			
Building and civil engineering (£bn.)	3,018p	2,998	2,644	11,610	10,220			

Under cover

BY ALLAN TODD

Bodyguard of Lies by Anthony Cave Brown. W. H. Allen, £7.50, 947 pages.

With the continued release of classified material there has been a considerable flow of books on various aspects of the deceptive strategy practised by the British and Americans in World War II. This book aims to consolidate them all into one large volume, and to throw further light on some of the more obscure episodes. The cloak and dagger atmosphere, made familiar by many a novel and TV programme, is to be found here to the full and it is no denigration to say that the book reads like a novel, with plenty of detail about the personalities involved, particularly those of high station.

An example of the startling theories put forward by the author, is that the whole "Cleopatra" episode was a bluff and that our ambassador in Turkey knew that his valet had gained access to his top secret messages, failed to let the enemy, and was feeding it to the enemy. An explanation is also offered as to why Ultra, the German code system which we captured at the beginning of the war and by which we read their top secret messages, failed to let the time of the Ardennes offensive. That deception strategy played an important role in the allied victory can be accepted, but that it was vital is not proven.

In short

Oxford in the Twenties by Christopher Hollis. Heinemann, £4.50, 136 pages.

Union politics, Oxford Catholics, the snobberies of some ingredients in Mr. Hollis's "recollections of five friends" Of the five, Harold Acton is happily still with us and has written his own memoirs; Evelyn Waugh was the subject of a recent major biography by Christopher Sikes; and C. M. Bowra, of a recent book of memoirs and much old tradition. That leaves two, Leslie Krol-Belsham and R. C. Robertson-Glasgow, semi-forgotten characters whom Mr. Hollis resurrects illuminatingly. The book is rather slight but as an agreeable combination of generalisation and gossip slips down easily.

The Weeping and the Laughing: An Autobiography by Virginia Macdonald and Jane's. £5.95, 248 pages.

One of London's legendary hostesses, Vira King, now in her 80s, looks back upon a very full life indeed. The child of a broken marriage she had a dined upbringing in Bruges, Bournemouth and London before her own marriage to Willie King, the curator of ceramics at the British Museum. He and many other eccentricities are evoked in a book that is anecdotal, incisive and a constant delight.

Foreign causes

BY ALAN HODGE

Victor Cazalet: A Portrait by Robert Rhodes James. Hamish Hamilton, £5.95, 306 pages.

Harold Nicolson, an acute observer of people, if not always of politics, wrote of Cazalet in 1942: "Victor cannot see a picture without it. I wish I could get a clear map of Victor's soul. I think you would find much swamp and little firm ground. But he does rush in where angels fear to tread. Within a year Cazalet was killed in an air crash at Gibraltar. Since then he has been in England with General Sikorski after a visit to Polish troops in the Middle East.

Poland during the Second World War had become one of Victor Cazalet's causes, and he was an excellent liaison officer to Sikorski. By nature he knew how to comply with Polish traditions of honour, independence and integrity and he earned Sikorski's trust and respect.

The affairs of the exiled fighting Poles were not the only field into which he rushed. He had been for some years a fervent supporter of de Gaulle in France and admired Chaim Weizmann; he was also converted in the course of his many travels around the world to a deep belief in the Indian movement for independence. Both his Indian and his Jewish enthusiasms led to some estrangement between him and Sir Winston Churchill during the 1930s.

Even before he entered Parliament for Chipping Norton in 1924, Cazalet had become a congenial friend to Churchill. Besides talking endlessly on politics, they both enjoyed the pleasures of dining well and of playing bridge afterwards. Cazalet in his journals agreeably noted the occasion when he won at cards. But the Indian and Jewish questions separated the

Pioneer lady's African journal

BY BRIDGET BLOOM

East African Journey by Margery Perham. Faber and Faber, £5.95, 246 pages.

Dame Margery Perham is without doubt the doyenne of writers on Africa, one of a handful of people whose academic studies have made possible a real appreciation of the benefits and disadvantages of the colonial experience. Best known perhaps for her study of Lord Lugard, she has written on Kenya, Ethiopia and South Africa and much else besides; but now comes something different. In 1923-30, not long after coming down from Oxford, she took a year's leave and spent much of it in Africa. In South Africa and Rhodesia, she looked at the problems of race and colour in East Africa, she filled notebooks full of details about colonial administrations. But she also kept a diary, which she circulated to friends instead of writing formal letters. It is the second volume of this diary which is now published.

It is (like the first volume, *African Apprenticeship*) both a remarkable and a delightful document. Dame Margery writes with grace, wit and very considerable perspicacity. A pioneer in her day it is fascinating, for example, to hear her wonder, after describing the vitality of a multi-racial crowd at an agricultural fair in Kenya, whether "Kenya is going to show the rest of the world how Black and White may live together economically one, politically rather different, socially wholly different." That she suggests, on another occasion, that White settlement in Kenya is "here to stay, at least for a hundred years or more," does not, curiously perhaps, detract from the validity of and fascination of her general approach. She remains determinedly against the exploitation of Black by White whether in Kenya or South Africa. Her attitude moved at least one colonial official to declare that she should be "hoisted in air." Yet she stayed with the Governors of the time.

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ANDRE DEUTSCH

FROM UTOPIA TO REFORM

by Annia Ament Jones
The collaboration of Frances Wright and Robert Dale Owen in the American movement for reform and the conduct of Utopian communities.

An article in the JUNE issue.

HISTORY TODAY

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FARMING AND RAW MATERIALS

Drought hits French sugar crop

PARIS, June 9.

FRENCH SUGAR beet production this year is unlikely to exceed 3m tonnes because of extended dry weather, M. Jean Lemaitre, president of the Technical Institute of Industrial Sugar Beet, said here today.

Production could fall below last year's figure of 2.97m tonnes if there is not normal rainfall within the next two weeks, he warned. Last month a spokesman for the French Sugar Manufacturers Association cautiously estimated French production this year at 3.4m tonnes.

M. Lemaitre said taking a total figure of around 600,000 hectares sown, including beet planted for distilling alcohol, 100,000 hectares had already been compromised by dry weather and would give a very mediocre yield.

Another 200,000 hectares would only provide a mediocre yield, while the remaining 300,000 hectares could still give an average yield if there was sufficient rain. The soil's dryness has completely arrested the early growth of beet.

French Prefects may eventually call a state of disaster in the worst hit Departments if the longest spring drought since 1943 continues, Government spokesman M. Andre Rossi said.

He told a Press conference this morning that the Government had decided against taking emergency action because the situation might change rapidly.

Upsurge in cocoa and coffee values

By Richard Mooney
COCOA AND coffee prices on the London terminal markets advanced significantly yesterday in the face of heavy speculative buying. September cocoa surged to £1,185 a tonne before easing to close £1,174.50 on the day at £1,174.50 a tonne, while September coffee ended the day £213 up at £1,510.50 a tonne after reaching £1,503 a tonne at one time.

Cocoa dealers said there was no fundamental news affecting the market and attributed the rise to the return to the market of speculators who had sold out on Monday and Tuesday against the rise in sterling. Trade selling against heavy purchases from Ghana, Nigeria and the Ivory Coast helped absorb some of the upward pressure.

The gains in the coffee market were mainly due to nervousness following the announcement on Tuesday of new Colombian regulations which will force coffee export prices.

Alcan strike threatens aluminium supplies

BY RHYS DAVID

ALCAN'S MAIN subsidiary, the Aluminum Company of Canada, has been forced to invoke force majeure on its aluminium supply contracts following the strike affecting some 60 per cent of its smelting capacity in Canada.

The force majeure announcement, made in Montreal yesterday at the end of the sixth day of the strike, means that Alcan is reserving the right to ration supplies to customers in the event of shortage.

The company says the full extent of any restrictions has yet to be determined but certain ingot products are more seriously affected than others. Reductions will be applied fairly and impartially to all customers including Alcan's own fabricating affiliates in Canada and other countries.

Alcan's U.K. subsidiary said yesterday that it was still considering its position following the Montreal announcement. The U.K. company with about one third of the British market meets most of its supply commitments from its 120,000 tonnes per year Lynemouth smelter in Northumberland but is also dependent for some of its supplies.

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Rail boost for Zambian copper

THE CARGO capacity of the TANZAM Railway was tripled yesterday with three trains travelling in each direction where only one had been previously employed, an official of the Zambian Copper Industry Office said.

At the moment the railway is carrying about 30,000 tonnes of copper a month, the official said, but added when the line became fully operational later this year it should carry 48,000 tonnes a month.

The increase in the railway's capacity has contributed to clearing the backlog of Zambian imports piled up at the port here.

The introduction of direct load ships has cleared the backlog of exports and port officials now say the situation has been reversed with ships queuing for copper rather than copper for ships.

The Zambian copper official said: "There is no congestion now and no copper is piled up. He added, last month there was 18,000 tonnes of copper on docks which was a normal amount of

the metal standing ready for loading.

Earlier this year there was some 39,000 tonnes of imports for Zambia and 80,000 tonnes of copper exports piled up on docks.

Plans for the rail link between Tanzania and Zambia began in 1967 and the railway was ready in November 1969. The railway began operation in September 1975.

In Paris, meanwhile officials of the Council of Copper Exporting Countries (COPREC) said copper price stabilisation, production cutbacks and other market problems will dominate a special two-day Ministerial meeting of the Council starting here tomorrow.

The cutback is bound to be one of the major subjects up for discussion, following the recent announcement by the Chilean National Copper Corporation (CODELCO) president, Sr. Orlando Urrutia, that Chilean mines planned to resume full production next month.

COPREC Ministers last met in Lima in November, 1975, when it was agreed to extend until June 30 this year the 15 per cent production cutback.

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World rise in price of platinum

By John Edwards, Commodities Editor

A RISE in the world (dollar) price of platinum was announced yesterday by Rustenburg Platinum Mines of South Africa. But the increase of \$10 to \$165 a troy ounce was rather less than had been anticipated by market sources, and as a result free market values tended to ease slightly after the announcement from the afternoon session of \$164.10 an ounce (\$167).

In fact, Johnson Matthey selling agent for Rustenburg has raised the U.K. minimum price quoted by £5 to £97 an ounce, using an exchange rate of \$1.70 to the £, while the free market price of \$167.70 is the current parity rate of \$1.77.

The increase announced by Rustenburg yesterday still leaves the world producer price below the \$170 an ounce mark from which it was cut to \$155 last October in view of surplus supplies.

Prospects are now looking brighter for platinum demand, and Rustenburg has already announced plans to expand its output to meet improved consumption needs.

In the free market, the Soviet Union is reported to have been holding off selling and there has been considerable speculative investment, both in anticipation of a producer rise and as a hedge against currency uncertainties.

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COTTON SUPPLIES

Crisis situation for European mills

BY JOHN GARNER

THE RECENT surge in cotton prices has underlined, if further emphasis was needed, the troubles now confronting the European textile industry in obtaining raw materials.

The Sudan, whose 1975-76 cotton crop was an almost unprecedented record, set selling reserves for the resumption of business this week at no less than 50 per cent above the initial rates for last season, announcing that the total supply of long-staples, including that carried forward from the old crop, was little over 500,000 running bales. Yet Sudan has been overwhelmed with bids, probably for quantities in excess of the entire stock, and has marketed over 20,000 bales at prices generally around 10 per cent above the reserve level.

The cotton outlook's index of world prices was around 68.50 cents per pound of Europe in early May. Yesterday it was marked up to 75.35 cents and is still rising.

The Western European spinning industry has yet to recover from a period in which business was cruelly restricted by competition from imported fabric and is clearly in no position profitably to follow the recovery in cotton prices. Synthetic fibre values look attractively cheap and may in some cases prove the mills' salvation.

But denim is not noticeably out of fashion, and much of the business may again go to foreign producers who have been more fortunate in their raw material purchasing policies.

The most inclement weather for 20 years in Tennessee this season might lead to a massive turnover of cotton, as growers of soybeans this month, a count extension agent in the Macrair County of Tennessee said reports Reuter.

A good portion of the cotton (land has already been ploughed up in the past two weeks, but there is no ready assessment of the extent of the switch into alternative crops.

Heavy rain
The agent said that although it was too early to determine the damage done from cold weather to the young cotton plants, the deadline for replanting (May 25) had passed.

Heavy rains in the past week have prevented field operations, and farmers are only now able to plough up their acres.

The cotton crop damage in Tennessee "might be similar across the border in Mississippi but only on a much larger scale," he added.

Tennessee cotton growers in the past have been able to make up for the loss of cotton plants, the deadline for replanting (May 25) had passed.

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NOTICE OF REDEMPTION

To the Holders of

SCOTT PAPER OVERSEAS FINANCE N.V.

(now Scott Paper Company)

8 3/4% Guaranteed Debentures Due July 1, 1986

Issued under Indenture dated as of July 1, 1971, as supplemented

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the above-mentioned Indenture, \$800,000 principal amount of the above described Debentures has been selected by lot for redemption on July 1, 1976, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest to said date, as follows:

DEBENTURES OF \$1,000 EACH

Lot	Serial	Amount	Lot	Serial	Amount	Lot	Serial	Amount	Lot	Serial	Amount
1	1001	1000	101	1001	1000	101	1001	1000	101	1001	1000
2	1002	1000	102	1002	1000	102	1002	1000	102	1002	1000
3	1003	1000	103	1003	1000	103	1003	1000	103	1003	1000
4	1004	1000	104	1004	1000	104	1004	1000	104	1004	1000
5	1005	1000	105	1005	1000	105	1005	1000	105	1005	1000
6	1006	1000	106	1006	1000	106	1006	1000	106	1006	1000
7	1007	1000	107	1007	1000	107	1007	1000	107	1007	1000
8	1008	1000	108	1008	1000	108	1008	1000	108	1008	1000
9	1009	1000	109	1009	1000	109	1009	1000	109	1009	1000
10	1010	1000	110	1010	1000	110	1010	1000	110	1010	1000
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99	1099	1000	199	1099	1000	199	1099	1000	199	1099	1000
100	1100	1000	200	1100	1000	200	1100	1000	200	1100	1000

On July 1, 1976 the Debentures designated above will become due and payable in each coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, New York 10015, or (b) at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London and Paris, Banca Nazionale del Lavoro in Milan and Rome, Swiss Bank Corporation in Basel, Geneva and Zurich, Bank Mess & Hope NV in Amsterdam, Credit Lyonnais in Paris, Societe Generale de Banque S.A. in Brussels and Societe Generale de Luxembourg S.A. in Luxembourg. Payments at the office referred to in (b) above will be made by check drawn on a dollar account, or by transfer to a dollar account maintained by the payee, with a New York City bank.

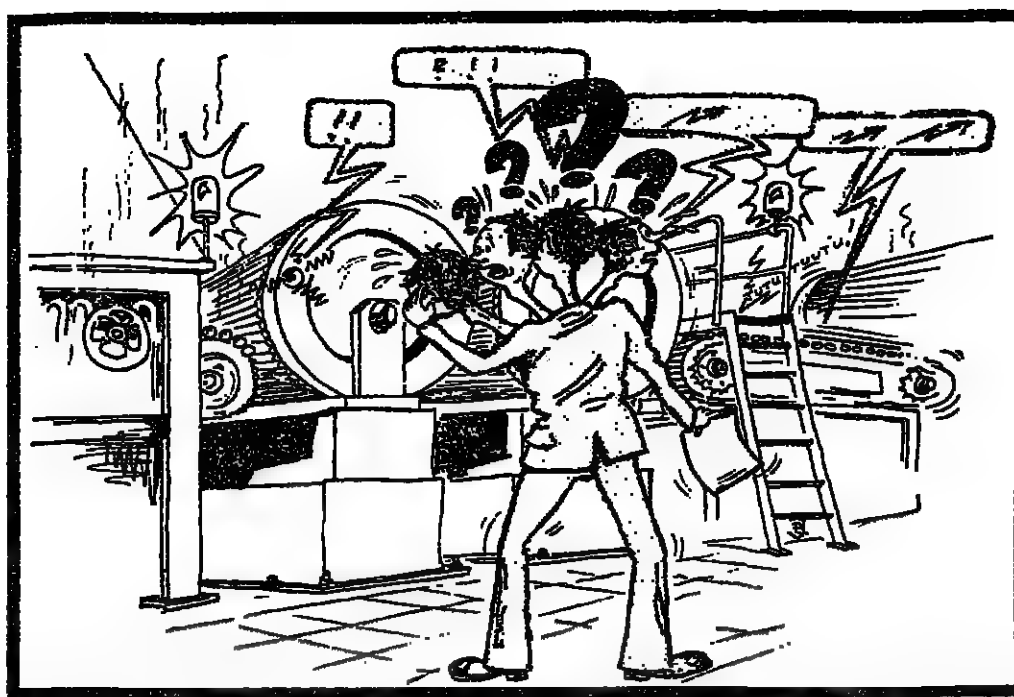
Coupons due July 1, 1976 should be detached and collected in the usual manner. On and after July 1, 1976 interest shall cease to accrue on the Debentures herein designated for payment.

SCOTT PAPER COMPANY
By MORGAN GUARANTY TRUST COMPANY
of NEW YORK, Trustee

Dated: May 25, 1976

David Fishlock describes the human problems of workers adapting to automation.

A cautionary tale



GOVERNMENT, UNIONS, and industry in Britain are in accord on one subject if nothing else: that the rate of new investment in industry has been depressingly low. What is much less openly acknowledged — if indeed it is even recognised at all in some influential quarters — is that new industrial investment can be broadly equated with automation.

A symposium in London organised by two of the leading engineering institutions, posed the highly pertinent question: "Reviving the U.K. economy—what can automation offer?" From a dense thicket of technical detail emerges some encouragingly firm evidence of the intrinsic advantages of automation and some equally plain warnings of the manifest weaknesses at present in implementing most automation schemes.

ACCOUNTANCY APPOINTMENTS



KUWAIT CHIEF ACCOUNTANT

to £15,000 tax free + house + bonus etc.

THE COMPANY

We are retained to advise on the appointment of a Chief Accountant for a major Middle East oil refining and marketing company with a rapidly expanding international network. During recent years it has expanded, diversified and become a highly commercial and profitable concern and continued growth is assured.

THE JOB

Control of the company's sophisticated accounting function. This entails liaison with the E.D.P. department and the organisation and training of the large accounts staff.

THE MAN

A qualified self-starter aged 30-45 with seven years' relevant experience with an oil company engaged in international marketing, but audit managers within the profession who have controlled major oil company audits will also be considered.

THE REWARDS

Substantial tax free basic salary plus a cumulative annual bonus of one month's salary. Free accommodation is provided and the company has generous child education allowances and medical benefits. Annual U.K. leave is 45 days, air fares paid. Initial contract is for two years, but this is a long-term career opening.

Applications in strict confidence to R. J. WELSH.

Reginald Welsh & Partners Limited
Accountancy & Executive Recruitment Consultants

123/4 Newgate Street, London EC1A 7AA
Telephone 01-600 8387 (3 lines)

Bank Auditing

City & Europe

To £8,000 + benefits

Our client is an American bank with offices throughout the world. There is a strong representation in Europe and the Internal Audit department for this region is based on London.

It now seeks to strengthen this team by recruiting 2 Chartered Accountants with up to two years experience gained in a large practice since qualifying. Fluency in French would be an advantage but is not essential.

Assignments can be up to six weeks in duration in any of the major European capitals and the work is primarily aimed at ensuring that controls, systems and management organisations are effective. Future opportunities—probably within two years, are not necessarily confined to either accounting or British based positions.

Contact John P. Sligh, ACCA on 01-405 3499, quoting reference JS/146/BAF.

Newly Qualified

C. London

c. £4,750

A major British group, itself part of a world wide and diverse UK quoted group seeks an ambitious newly qualified accountant male or female, to join its Central Services department.

You will be part of a small team reporting to the Directors supplying them with such information as Corporate Plans, Cash Flow projections and operating reports. A computer terminal is used in the preparation of the basic data.

This is an ideal first move from the profession to a group which has a proven commitment to career development and promotion from within and which will initially give one a broad insight into its financial management.

Contact John P. Sligh, ACCA on 01-405 3499, quoting reference JS/149/NQF.



Lloyd Executive

Executive Recruitment Service, 50, 51 High Holborn, London WC1V 6ER

Group Financial Controller

International

£15,000

This is a major British company—a household name with a high reputation internationally in consumer products. The greater part of both turnover and profit is generated overseas. The Group Financial Controller reports to the Financial Director, and the sphere of operations is worldwide. Essential features of the role are: to operate and develop worldwide financial and management reporting procedures; to monitor performance in all areas of the business and act thereon; to take part in major business decisions in the group. The need is for a qualified accountant with considerable experience of international business and with broadly-based financial—

and possibly general management—experience. £15,000 is given as a starting salary indicator. Career prospects in this expanding group are considerable. This post is London based, and some travel will be involved. (PA Personnel Services Ref: AA32 5639 FT)

The identity of candidates will not be revealed to our clients without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise if you have recently made any other applications.

PA Personnel Services

Hyde Park House, 50a Knightsbridge, London SW1X 7LE Tel: 01-235 6060 Telex: 27874



A member of PA International



Mervyn Hughes Group

59 St. Mary Axe, London, EC3A 8AR

Management Recruitment Consultants

01-283 0037 (24 hours)

Group Accountant

Circa £6,500 + Car

City

Our client, a major international group of insurance and reinsurance brokers and underwriting agents, requires a Group Accountant. The successful candidate will be a Chartered Accountant with first class training in a major international firm in public practice followed by two years post-qualification experience. The Group Accountant will be responsible to the Financial Director for group financial and management accounts, tax planning, cash forecasting and investigation of acquisitions, and will make occasional visits to overseas associated companies.

This appointment will appeal to accountants who enjoy a challenge and are seeking scope for the exercise of initiative and creative imagination. Benefits include a non-contributory pension scheme, free BUPA. Applications in strict confidence to B. G. Luxton, quoting reference 5686.

Financial careers in a dynamic growth environment

Hestair Limited

These are genuine opportunities for young accountants with the ambition and talent to achieve top financial management—or general management—positions within about five years. Hestair can offer this kind of systematic career progress because of our strong commitment to growth, self-improvement and particularly to the development of advanced financial systems.

This commitment has already been demonstrated by our performance over the past five years—from a loss-making company with a £2 million turnover, to a Group with a current sales budget of almost £80 million and profits which are likely to put it into the 'Times 300'. This has been achieved through a series of acquisitions followed by reorganisation, improvement and effective financial control; experience which has equipped us with a substantial body of knowledge and a strong base for continuing development.

Hestair is now a diversified group with subsidiaries that export, import, manufacture and distribute. We operate within engineering, paper converting, toys, hi-fi, publishing and have a multi-location service company. Your future career could develop within any of these companies, which all have a high degree of management autonomy. Salaries are high and progress is based entirely on performance.

To apply, you should be aged 23-29 with ACA or ACMA and ideally a university degree. You'll also need a high level of technical proficiency, post-qualification experience in a large professional office or a growth-orientated industrial company, plus uncompromising standards and a fundamental urge for improvement.

If you have the experience, ability and ambition and are stimulated by the Hestair style of management, please write outlining your career to date to: David Hargreaves, Chairman, Hestair Limited, 10 Castle Hill, Windsor, Berks, SL4 1PD.

INVESTMENT ANALYSTS

To increase the strength of our investment management team we now need to recruit additional analysts.

They will have the drive and initiative to make a significant mark in a highly successful team. The ability to make value judgements and rapid decisions is essential. They will be of professional standing with relevant degrees or qualifications and ideally have two years investment experience, preferably in institutional work. We would also consider a Chartered Accountant with strong audit experience but limited investment expertise.

Abbey Life is one of the most successful unit-linked life assurance companies in Britain today. From total funds of £350M, our investment team manages some £185M in money market, fixed interest and equity assets in which we aim for good consistent performance.

Abbey Life is a company which rewards energy and initiative and where there are opportunities to progress. Starting salaries are competitive and are reviewed annually.

Applications are invited from male or female candidates who are probably earning between £3,500 and £5,000 at present. Please write, in strict confidence, to:

M. McIvor, Investment Manager,

Abbey Life Assurance Co., Ltd.

Watling House, 35/37 Cannon St, London EC4M 5SN.

Accounting Systems Manager c£6,250

This is a unique opportunity for an experienced, technically orientated accountant to join our sophisticated and progressive financial team.

Reporting directly to the Controller U.K. the man or woman appointed will be responsible for the review and development of the group's financial and management accounting systems and procedures. This involves close liaison with the data processing and other functional departments.

Candidates will be fully qualified Accountants with at least five years relevant industrial experience in medium to large companies. An up to date knowledge and interest in modern accounting methods and the ability to communicate effectively at all levels is essential. Experience of data processing systems would be advantageous.

Salary is negotiable and will depend upon age and experience. Fringe benefits include 5 weeks annual holidays and a contributory pension scheme.

Help with relocation expenses will be provided where necessary.

Write or telephone for an application form to Mr. J. R. Gunning, H.O. Employment Manager, Hoover Limited, 11, Wadsworth Road, Perivale, Greenford, Middlesex. Tel. No.: 01-997 3311. Ext. 287.



Chief Accountant Banking—Middle East

is required for one of the largest and long established banking institutions in the Gulf. He will be responsible for the entire accounting system, including internal audit, budgeting, forecasting and optimising the full use of computerisation. Working knowledge of cost accounting desirable with a view to analysing profitable services.

Candidates, who will be qualified accountants aged 30 to 45 years, not necessarily with banking experience, should be strongly profit orientated. Salary is negotiable around £10,000 tax free, plus free fully furnished accommodation, annual leave and a wide range of fringe benefits.

Please write with brief career details—in confidence—to J. R. B. Hodges ref. B.1016-2.

MSL World wide

Management Selection Limited
17 Stratton Street London W1X 6DB

ESTATE PLANNING SPECIALIST

Major International Practice
Initially to £9,000

An exceptional opportunity to join a progressive international practice in London at a senior level.

The appointed individual will probably have an accountancy or legal background, aged between 28/35 with strong technical, personal and practical qualities. He/she will certainly have the capacity to achieve partnership within the practice.

Applicants will require inter alia a sound knowledge of taxes on capital and income and experience of exchange control affecting the financial and taxation affairs of individuals, trustees and companies.

The nature of the appointment is such that it is difficult to provide sufficient information in an advertisement to convey a real appreciation of the scope for personal and technical development.

Therefore write in the first instance to Trevor Atkinson, A.C.A. for a handout on the position advertised, quoting reference 1572. All applications will be dealt with in the strictest confidence.

Douglas Lambias Associates Limited
410 Strand London WC2R 0NS
telephone 01-836 4086
and 3 Coates Place Edinburgh
EH3 7AA telephone 031-225 7744

Financial Manager

A small international trading company based in the West End of London, requires a general Financial Manager to take charge of the following functions:

- ★ General office and staff administration.
- ★ Accountancy work and book-keeping.
- ★ Company secretarial work.
- ★ Banking and Finance.
- ★ Financial Investigations.

The applicant will report direct to the Managing Director and will be made Company Secretary. A substantial starting salary is negotiable depending on ability and experience. Other benefits include non-contributory pension scheme.

The post is likely to interest persons, male or female, with financial and administrative experience who wish to be involved with all aspects of financial management in a small but expanding organisation.

Applications in writing only, giving age and brief details of qualifications and experience, to:
A. J. McDonald, Hays Allan,
Southampton House, 317 High Holborn,
London WC1V 7NL.

Diversified, multinational manufacturer of consumer goods (Annual Sales approx. US\$2,000m.) headquartered in the U.S.A. requires:

INTERNATIONAL AUDITORS

Responsibilities include all aspects of financial and operational auditing, reporting directly to the parent company in the U.S. The position requires extensive travel that includes most of the West European countries, but may not be limited to this region. Applicants must be fluent in English and speak a second major European language. Prior auditing experience is essential.

The company offers excellent opportunities for advancement. Salary will depend on experience.

Please write in confidence, stating employment history, experience, amount of travel and desired salary to: Box A.3597, Financial Times, 10, Cannon Street, EC4P 4BY.

THE PAINLESS WAY TO FIND A SENIOR SECRETARY

If you need a PA Secretary, a person with the Right Background and qualifications to assist you in your work with smooth efficiency, then you need a high calibre service to interview and short list applicants for you.

Please ring Julie Laycock on 627 5747, the
SPECIAL APPOINTMENTS DIVISION OF Adventure

GENERAL APPOINTMENTS

CJA

RECRUITMENT CONSULTANTS

35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

Prospects exist to advance to Senior Management position in the short/medium term

TRAINEE INSURANCE CONSULTANTS

U.K. AREAS

£4,000-£5,000

A CAREER WITH THE MARKET LEADER IN PERSONAL FINANCIAL PLANNING

These vacancies, caused by expansion, are open to candidates, aged 25-35 with an above average record of achievement within the Services or a similar environment. Candidates must have the capacity to assimilate information rapidly and the ability to communicate effectively. Following an intensive training programme the requirement will be to build up new business from leads provided by the company, (dealing with investment, taxation, school fees, life cover etc.). First year's salary £4,000-£5,000, depending on personal achievements to date in other fields, contributory pension scheme, free life assurance. Applications in strict confidence under reference TIC/3708/FT, to the Managing Director: CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH. Tel: 01-588 3588 or 01-588 3576. TELEX: 88374.

City Merchant Bank

requires

ASSISTANT
to
INVESTMENT
MANAGER

Candidates must be fully experienced in Stock Exchange procedures. Salary up to £4,000 p.a. according to experience. Non-contributory Pension Scheme. Write with details of experience etc. to:

Box 77/487, c/o Hawkey House, Clark's Place, London, EC2N 4B

Commercial Bankers

Corporate Account Management in Canada

A leading Canadian bank is entering the second stage of an extensive development program to increase its capability to serve the financial needs of major corporations. The program is administered by Corporate Account Managers supported by Financial Analysts operating from corporate account management groups located in Toronto, Ontario. Each Manager is responsible for the administration and development of profitable loan, deposit and service business of an important portfolio of corporate customers.

Our client is seeking candidates to fill the following positions:

Corporate Account Managers

Candidates for these positions must have substantial commercial loan experience gained from several years in this activity. They must have the capacity to meet the demands of a highly competitive and growth oriented environment coupled with the motivation to function effectively with minimum supervision. The interpersonal and communication skills necessary to deal with corporate officers at the highest levels are essential.

These positions would likely be of particular interest to Assistant Managers of large branches of the clearing banks or an equivalent position in the merchant banks. Ref. B.1233.

Financial Analysts

Candidates for these positions will have commercial loan experience and will have been identified as having the potential to develop to senior management positions. Ref. B.1234.

All positions offer excellent career development opportunities together with competitive starting salaries and a full range of employee benefits including relocation assistance. Interviews will be conducted in London shortly.

Please write, quoting the appropriate reference and giving full details of your experience, education and present earnings. These will be forwarded direct to our client. List separately any banks to whom your application should not be sent.

AGL CONFIDENTIAL RECRUITMENT 17 STRATTON STREET LONDON W1X 6DB
A member of MSL Group International

International Offshore Contractor,
Paris basedfinancial
coordinator
administrative
manager

The group of companies recently established operates on a world-wide basis and is in the process of consolidating rapidly. To support and coordinate its financial and administrative operation, an experienced financial executive is needed, whose object will be:

- to set up budgetary and accounting systems between the companies involved,
- subsequently to ensure budgetary control and progress accounting, together with the production of consolidated accounts at corporate level,
- to manage companies' finances and implement and/or extend lines of credit from banking sources in Europe,
- to assist management in project evaluation in terms of financial analyses and their implication on corporate projections.

In addition, he will be expected to deal in contractual relationships both with client group companies and take charge of a number of administrative tasks such as invoicing procedures and control, insurance claims, etc.

Ideally, the successful candidate will have the following attributes:

- substantial exposure to international finances and accounts and demonstrate a good track record of association with the offshore and/or maritime industries,
- he will be motivated, have a creative, financial and administrative ability, be marketing orientated and have a thorough knowledge of international business,
- probable age 35 plus, with a high level of academic and professional qualifications; Anglo-Saxon or French by birth, but completely bilingual in the second case.

Please write to FLEXSERVICE - 34, rue du Général Delestraint, 75016 PARIS

N. M. Rothschild
Asset Management Limited
Pension Fund
Adviser

We are looking for a man or woman, aged 25-27, to help with the rapid increase in our pension fund business. You must have had at least two years' experience in investment advisory work or portfolio management. You must also combine a relish for penetrating investment analysis with more than average authority and courtesy in handling clients. If you in addition have "new business" flair (which we admit is indefinable) and if you seem likely to get along well with the present team, then you will be an outstanding candidate.

What we suspect you are looking for at this stage of your career is a widening of your experience. While the initial appointment is in our Pension Fund Department where business has quadrupled in the past five years, you could move later to other parts of the operation. We manage a number of investment and unit trusts: we provide government bodies and corporate clients with international currency advice: specialist departments are active in investment in property and in commodities: we supervise some of the largest private portfolios in the country. There is regular travel and interchange of views with the affiliated Rothschild investment banks in Europe, the United States and South East Asia. We can also promise you a friendly atmosphere and an increase in your work load until you are fully stretched.

The remuneration package will be highly competitive. Apply giving curriculum vitae and present salary to:

The Staff Director,
N. M. Rothschild & Sons Limited,
New Court, St. Swithin's Lane,
London EC4P 4DU.



SALES ENGINEER

We are a progressive and expanding company manufacturing ball valves for use in the North Sea and in other oil or oil related areas of the world.

Due to expansion we require an additional Sales Engineer who has sound experience in pipeline ball valve sales to cover London and the surrounding area. We offer an excellent salary plus a company car and the usual benefits expected from an international company.

Our London sales office is based in Piccadilly and interviews will be held locally.

Applications, with details of your career to date, should be made to our British manufacturing plant for the attention of Mr. D. J. Senger.

TK VALVE LTD

Lyneburn Industrial Estate, Halbeath Place,
Dunfermline, Fife, KY11 4LW, Scotland

Portfolio Manager/
Investment Officer

The World Bank requires a Portfolio Manager/Investment Officer to share direct responsibilities for day-to-day management of its international multi-billion dollar portfolio of money market instruments which includes bonds, bills, certificates of deposit in US\$ and other currencies. Duties will include maintaining close contact with several major money markets and their fundamental and technical positions; developing research in money and capital market analysis; investment strategy and tactics; risk analysis and performance measurement; contributing to the decision making process.

Qualifications:

- * MBA (or equivalent degree in economics/finance).
- * Experience in fixed income portfolio management or trading, especially in government securities.
- * Experience in computer systems and financial model building, or strong background in finance, mathematics and statistics would be useful and desirable.
- * Fluency in English essential; knowledge of German or French desirable.

The World Bank is an international organisation located in Washington, D.C. In addition to salary, the Bank provides good benefits including five weeks' annual leave, health and life insurance, pension plans, and relocation expenses on appointment. This appointment is open to men and women.

Please quote reference number 76-6-01203 and send detailed resume to:

THE WORLD BANK
Recruitment Division
1818 H Street, N.W.
Washington, D.C., 20433, USA.

WORLD BANK

A career
opportunity for a
young economist

A City based international banking group seeks to recruit a young economist, male or female, with at least two years' experience in commercial or other relevant employment since graduation.

This post is offered in the Economic Department concerned with international monetary matters, developing countries, primary commodity markets and developments in the United Kingdom and other advanced countries. The appointment will interest candidates possessing a good degree in economics or an associated discipline who seek an attractive basic salary, substantial ancillary benefits and overseas travel possibilities. A working knowledge of a major European language would be useful.

Write, giving relevant personal data and career history to: The Personnel Manager, Standard Chartered Bank Limited, 20 Clements Lane, London EC4N 7AE.

Standard Chartered
BANK LIMITED

U.S. Institutional Investment Advisor
£15,000 - £20,000

Our client, a London based major bracket American investment banker, is looking for a Senior Registered Representative. They will be joining a firm whose strengths include:

- * A first class research product
- * Strong Equity and Bond Trading capabilities
- * Computerised Options Strategies

Their role will be to help develop an expanding circle of British clients.

The ideal candidate will now be working with a U.S. brokerage house or possibly with a well known British name. There will be considerable emphasis given to such personal qualities as intellectual competence, integrity and the ability to form relationships with British investment managers.

Apart from an attractive package there are excellent prospects for the right candidate.

J. R. V. Courts,
7 Wine Office Court,
London, E.C.4.
01-353 1858.

Career plan

Financial
Public Relations
Executive

Britain's leading public relations consultancy is looking for a young executive, probably aged 25-30, with practical experience of the communications industry and anxious to develop his potential in a fast moving company. The successful candidate will be responsible to an associate director servicing a fee income of £70,000 to £100,000 spread over a wide range of financial and industrial clients. We operate a highly motivated group system each with its own profit centre and the prospects of promotion are excellent. You may already be in public relations or you may be in journalism with a national or leading provincial paper. Either way it is your experience we want as this is a ready made position with responsibility. Salary negotiable but unlikely to be less than £5,500 a year.

Applications to Tom Nisbet, Managing Director,
Charles Barker City Limited, 30 Farringdon Street, EC4A 4EA

Charles Barker City

**GENERAL
APPOINTMENTS**
ARE CONTINUED ON THE
FOLLOWING PAGE

FOREIGN EXCHANGE DEALER

Leading European Bank in London seeks the services of an experienced Foreign Exchange Dealer, aged between 24-27, with a sound working knowledge of both exchange and deposit dealing. Salary negotiable, pension scheme and usual banking benefits. All written applications treated in strictest confidence. Write Box A.5601, Financial Times, 10 Cannon Street, EC4P 4BY.

Charles Barker Recruitment
Confidential Reply Service

Please send full career details and list separately companies to which we should not forward your reply. Write the reference number on the envelope and post to our London office, 30 Farringdon Street, London EC4A 4EA.

Manager-Buyer Credits

A large international organisation has a vacancy for an experienced person, aged between 35/45, with a good knowledge of banking procedures, in international finance and export credit.

The successful applicant will also be required to be familiar with legal documentation and to have had considerable experience of negotiating with foreign nationals in companies and governments. The position will involve overseas travel and fluency in at least one European language, preferably French, would be an advantage.

Emoluments will be negotiable, but not less than £7700 per annum plus many fringe benefits, including a non-contributory pension scheme.

Closing date for applications will be the 30th June, 1976.

Reference 1380

Investment
Analyst/Advisor

Our client, one of the Clearing Banks, is currently engaged upon a programme of growth and development. As an important part of this expansion they wish to appoint an Investment Analyst. He or she will liaise with Liquid Funds and Investment management in assisting in formulation of policy, will build up an Investment Advisory Service for Bank customers, and will play an important role in the Bank's relations with money brokers, stockbrokers, and the City in general.

This is an exciting opportunity for a young person with about 2 years investment management experience

to establish his/her financial career with an expanding successful Bank. A starting salary of approximately £4,000 is offered with full benefits and good prospects of further advancement. This position is located in the City of London.

Please write quoting reference no. LBR/1385, with brief details of career to date to: A. J. F. Moxon, Managing Director, Leo Burnett Recruitment Advertising Ltd, 48 St. Martins Lane, London, WC2N 4JS.

All applications will be forwarded direct to our client. List separately any companies to whom your application should not be sent.

Leo Burnett Selection

APPOINTMENTS

David Linnell heads Spar Food

Mr. David Linnell, managing director of Linford Holdings, has been appointed chairman of Spar Food Holdings. He succeeds Mr. Bernard Ekins who has relinquished the chairmanship of Spar on retirement from business after 43 years in the wholesale grocery trade.

Joining Thomas Linnell and Sons in 1950, Mr. Linnell became managing director in 1963. That company, which was made public in 1972, acquired both before and after that date a number of other wholesale grocery businesses trading in Spar. Following the merger with Associated Food Holdings in 1975, Mr. Linnell was appointed joint managing director of Linford and is now sole managing director following the retirement of Mr. Ekins.

Mr. J. R. Ley has been elected chairman of HAMPTON GOLD MINING AREAS in place of Sir David Barran, who has resigned as chairman and from the Board. Sir David's appointment from the beginning of this year as a deputy chairman of Midland Bank has involved additional pressures on his time, making it necessary for him to resign from a number of Boards.

THE deputy chairman of the Metrifaction Board is to be Mr. James Wood. He succeeds Baroness White.

JAMES DREWITT AND SON, Bournemouth, has been awarded a £167,980 contract for erection of a workshop at Elliot Road, Bournemouth, for Dorset County Council. The single-storey workshop will have part basement under and offices adjoining.

Mr. D. W. Allen, a director of Tootal has been appointed chairman of LANTOR INTERNATIONAL, a subsidiary. Mr. P. N. Barley, a director of the parent concern has become chairman of Home Furnishing Division in succession to Mr. R. F. Audley, managing director of Tootal. Mr. E. G. Homes has been made managing director of Fabric Division in place of Mr. J. H. Leach, a director of Tootal. Mr. Leach continues as chairman of the division. Mr. Homes has joined the group after 25 years with Unilever.

Mr. J. G. Watson has been appointed sales director (U.K.) of GREEN REFRAC TORES (a subsidiary of Hephworth Ceramic Holdings).

Mr. Wood is a member of the Consumer Consultative Committee of the EEC and the National Consumer Council.



Mr. David Linnell

tee of the EEC and the National Consumer Council.

Sir George Godber is to be chairman of the HEALTH EDUCATION COUNCIL, when the present chairman, Sir Harold Evans, retires. Sir Harold, who completes his term of office on December 31, was originally appointed for the three-year period ending on December 31, 1975, and subsequently agreed to serve for a further year. Sir George retired in November, 1975, after 13 years as Chief Medical Officer of DHSS.

Mr. Brian Maynard has been elected deputy president and Mr. Eric Sayers, vice-president.

Mr. Stanley Kitchen has been elected president of the DISTRICT OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES for 1976-77. Mr. Brian Maynard has been elected deputy president and Mr. Eric Sayers, vice-president.

Mr. Mike Sanderson and Mr. Terry Savage have been appointed the respective managing directors of Salter Spring and Salter Transport and Plant Hire, divisions of the GEORGE SALTER GROUP.

Mr. John Wyke has become a director of Salterix, Salter Tool and Engineering and Salter Transport and Plant Hire. New directors of Salter Precision Presswork include Mr. John Enche, Mr. Fred Ault, Mr. Stewart Banks, Mr. Brian Pratt and Mr. Len Cutler.

Mr. M. E. Hodges is to succeed Mr. N. E. Youens as senior partner of GILBERT ELLIOTT AND CO., stockbrokers, from July 1. Mr. Youens will be remaining as a partner of the firm.

Mr. W. R. Everitt has been appointed a director of the GLACIER METAL COMPANY, a member of the Associated Engineering Group, and will, on October 1, become managing director in succession to Mr. J. G. Collyear, who was appointed group managing director of Associated Engineering last year. Mr. Everitt is at present managing director of Welworthy, another AE company.

Mr. L. J. A. Bishop has been appointed a director of finance of PFIZER following the retirement of Mr. R. J. G. Page, who leaves the company on July 31. Mr. Bishop will also join the Board.

Sir Peter Tennant, industrial adviser to Barclays Bank International, has been elected chairman of the council of the LONDON CHAMBER OF COMMERCE AND INDUSTRY in succession to Mr. C. M. Hughes. Other Chamber elections include Mr. D. James King, senior partner, King and Co., as deputy chairman and Mr. Geoffrey Wood, senior partner, Ove Arup and Partners as treasurer.

Mr. John A. Scott has been appointed managing director of DAVOL INTERNATIONAL COMPANY and Mr. John C. Higginson has become marketing manager Europe.

Sir Athelstan Carle, president of the Trustee Savings Banks Central Board, has been elected president of the EEC SAVINGS BANK GROUP in succession to the late Professor Ferdinando Stagno D'Alcontres.

Mr. Gavin R. Suggitt has been appointed joint secretary with the present secretary, Mr. R. W. D. Skelton, of the ALLIANCE TRUST COMPANY, and the SECOND ALLIANCE TRUST COMPANY.

Mr. Douglas Brown has been appointed a director of BLACK AND DECKER. He is joint managing director of AGS Research.

Mr. V. S. Cennow has been appointed chief planning officer of the London Midland Region of BRITISH RAIL.

Mr. R. D. P. Gillett has been elected a director of the INSTITUTE OF ADMINISTRATIVE MANAGEMENT.

Mr. John F. Phillips has been elected president of the INSTITUTE OF ARBITRATORS.

Mr. John Lawrence has been appointed marketing director and Mr. Anthony Sayer, warehouse and distribution development manager of SPICER-COWAN.

Mr. John F. Brignall has been invited to join the Board of FPA CONSTRUCTION GROUP as a non-executive director from June 22.

Mr. John R. Quinn has been appointed finance director of PETROW HOLDINGS and PETROW LIMITED. He was previously finance director of Goldcross Hospital Supplies.

Mr. Ian McEwan, a partner in Buckmaster and Moore, stockbrokers, has been appointed a non-executive member of the Board of the SOLICITORS' LAW STATIONERY SOCIETY.

Mr. C. J. N. Sykes has been appointed deputy chairman of LOPEX. He will succeed Mr. R. D. L. Dutton as chairman on Mr. Dutton's retirement in August, while retaining his position as group chief executive of the company.

GENERAL APPOINTMENTS

MLH CONSULTANTS LTD.

MLH, due to increasing commitments at home and overseas, is extending its consultancy strength by the recruitment of the following Senior Consultants:

Financial Consultant

Probably a qualified accountant with varied experience in industry, banking or consultancy. Ideally between 30 and 40 years old, with abilities to move outside the financial sphere in order to assess overall company performance and implement improvements. Capable of leading or working in an investigation team of mixed disciplines.

Marketing Consultant

Ideally between 37 and 40 years old, with proven success in marketing line management in the consumer or industrial fields. Previous experience in market research or other investigatory work would be useful. Ability to think clearly and present ideas 'logically' on sales effectiveness, market planning and company strategy at Board level, is important.

Industrial Engineering/Labour Relations Consultant

Probably 35-45 years old and engineering qualification desirable. A mature ability to deal with staff and their representation at all levels is vital. Production or industrial engineering experience would be valuable in creating in depth participative training programmes in a wide variety of environments.

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Initially applicants should apply with full career details to:

Brian Quinn,
MLH Consultants Ltd.,
148-150 Grosvenor Road,
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MLH

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Well-known company dealing in commodities and part of a large group with extensive interests in the Far East are looking for a trainee dealer 22-25. Some commercial experience required, preferably with a stockbroker or jobber. Education: good "A" levels as a minimum. Salary: £3,000-£3,500 and bonus.

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GENERAL APPOINTMENTS
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ON PAGE 2

APPOINTMENTS WANTED

CYTHON, QUEEN'S COUNSEL, Specialist in business law seeks suitable position. Write Box A.5604, Financial Times, 10, Cannon Street, EC4P 4BY.

Rand Selection Corporation Limited

(Incorporated in the Republic of South Africa)

REPORT FOR THE HALF-YEAR ENDED 31st MARCH 1976

The following are the unaudited results of the corporation and its subsidiaries for the half-year ended 31st March 1976, together with comparative figures for the half-year ended 31st March 1975 and the year ended 30th September 1975. These should be read in conjunction with the notes below:

	Half-Year ended 31.3.76 R000's	Half-Year ended 31.3.75 R000's	Year ended 30.9.75 R000's
Group profit before taxation	22 233	21 131	49 659
Deduct: Provision for taxation and deferred taxation	339	418	40
Profit after taxation	21 894	20 713	49 610
Deduct: Minority interests	410	631	1 121
	21 484	20 082	48 489
Deduct: Preference share dividends	1 184	—	858
Group equity profit attributable to Rand Selection Corporation Limited	20 300	20 082	48 101
Cost of interim dividend No. 118 of 30 cents a share	12 675	13 368	31 924
Number of shares in issue at end of respective periods	42 250 152	41 774 279	41 774 279
Earnings per share—cents	48.0	48.1	114.8*
Dividends per share—cents	36.0	32.0	75.0

*Adjusted to reflect that in terms of a Scheme of Arrangement, the corporation acquired the minority interests in South African Townships Mining and Finance Corporation Limited as from 1st April 1975. The adjustment is based on the issued share capital at 30th September 1975 and a pro-rata proportion of the 475 873 shares allotted on 31st October 1975 under the Scheme of Arrangement.

Notes:

1. It should not be assumed that the results for the first half of the year are necessarily proportionate to the results for the year ending 30th September 1976 for the following reasons:

- Investment income does not accrue evenly throughout the year. Further, the figures for the half-year ended 31st March 1976 are not comparable with the corresponding position in 1975 as there has been a significant increase in investment income during the half-year ended 31st March 1976, such income only having been accrued in the second half of the 1975 financial year.
 - The realisation of general investments fluctuates in accordance with policy decisions and market conditions;
 - certain costs, particularly those incurred on prospecting, vary materially from time to time.
2. On current estimates it is not expected that the Corporation's net profit for 1976 will equal that of 1975. This largely arises from generally lower dividends expected for the year on the group's direct and indirect interests in gold mining companies.
3. Particulars of the group's listed general investments and the net asset value are as follows:

	At 31.3.76 R000's	At 31.3.75 R000's	At 30.9.75 R000's
(a) Listed general investments	644 258	532 040	703 696
Market value	269 653	227 127	233 467
Book cost	384 456	304 913	470 229
Appreciation	—	—	—

*Excludes listed investments held by the life assurance subsidiaries which are valued in accordance with the practice of life assurance companies and for which market values are not disclosed.

*Includes the shares in Charter Consolidated Limited held by Rhochar Holdings Limited at market value.

	At 31.3.76	At 31.3.75	At 30.9.75
(b) Net asset value—cents per share**	1 563	2 209	1 739

**Which includes unlisted general investments at book value with the exception of Rhochar Holdings Limited which has been included at the market value of the underlying Charter Consolidated Limited shares held by that company, and excludes excess of cost of shares in subsidiary companies over book value of net assets at the dates of acquisition.

4. Schlesinger European Investments Limited (S.E.I.)

As announced in the press on 8th February 1976 by Anglo American Corporation of South Africa Limited (Anglo American), Rand Selection Corporation Limited (Rand Selection), Schlesinger and Associates (Schlesinger) and Sorec Limited (Sorec) an overall arrangement has been concluded whereby Schlesinger's have acquired the entire minority holding of the Rand Selection group in S.E.I. and Trident Life Assurance (Trident), and have released Rand Selection from all liabilities and obligations undertaken in relation to the S.E.I. group.

As a part of these overall arrangements, Anglo American and associates have acquired the entire holding of Schlesinger in Rand Selection and Rand Selection has, in turn, received from Anglo American and associates various investments with an equivalent value to Rand Selection's minority holdings in S.E.I. and Trident.

NOTICE OF DECLARATION OF INTERIM DIVIDEND NO. 118

Notice is hereby given that dividend No. 118 of 30 cents a share (1975: 32 cents), being an interim dividend for the year ending 30th September 1976, has been declared payable to shareholders registered in the books of the corporation at the close of business on 25th June 1976 and to persons presenting coupon No. 121 detached from share warrants to bearer. A notice regarding payment of dividends on coupon No. 121 detached from share warrants to bearer will be published in the press by the London Secretaries of the corporation on or about 18th June 1976.

The transfer registers and registers of members will be closed from 26th June to 9th July 1976, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about 28th July 1976. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 20th July 1976 of the rand value of their dividends (less appropriate taxes). Any such shareholders may however elect to be paid in South African currency, provided that the request is received at the offices of the corporation's transfer secretaries in Johannesburg or in the United Kingdom on or before 25th June 1976.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the corporation and also at the offices of the corporation's transfer secretaries in Johannesburg and the United Kingdom.

Copies of this report will be despatched to all registered shareholders from the office of the transfer secretaries in Johannesburg and the United Kingdom as soon as possible.

Registered Office:
44, Main Street,
Johannesburg, 2001.

For and on behalf of the Board
G. W. H. Rell
H. F. Oppenheimer | Directors

Transfer Secretaries:
Consolidated Share Registrars Limited,
62, Marshall Street,
Johannesburg, 2001.
(P.O. Box 61051 Marshalltown 2107) and
Charter Consolidated Limited,
P.O. Box No. 102,
Charter House, Park Street,
Ashford, Kent, TN24 8SQ.

9th June, 1976.

Scandinavian Banking

Citibank NA has offices in Norway, Denmark and Sweden with extensive commercial and merchant banking relationships throughout Scandinavia. Our present need is for additional managers fluent in at least one Scandinavian language, with 2-10 years' industrial, commercial or professional experience, not necessarily gained in the financial sphere, who have the intellectual flexibility, judgement and vision for present-day banking. The appointments, open to men and women, will initially be for two years or more in London prior to assignment in Scandinavia; and there are longer term opportunities worldwide. Compensation and benefits will be appropriate to one of the world's largest international banks.

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HAMPTON HOUSE, 94 KINGSWAY, W.C.2.

EUROBOND DEALER

London based International Bank is seeking an experienced Eurobond Dealer to assist in the expansion of its already well-established trading department. Fluency in German and/or French desirable but not essential.

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Replies in confidence to: W. Toy, Buckmaster & Moore, The Stock Exchange, London EC2P 2JT. Telephone, 01-586 2888.

CONSULTANT
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Managing Director
H. P. DREWRY (SHIPPING CONSULTANTS) LIMITED,
Palladium House, 1-4 Argyll Street,
London W1V 1AD

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